

CITY OF DYER, TENNESSEE

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

JUNE 30, 2015

CITY OF DYER, TENNESSEE

TABLE OF CONTENTS

Introductory Section

Directory	1
-----------------	---

Financial Section

Independent Auditor's Report	2
Management's Discussion and Analysis.....	5
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	11
Statement of Activities.....	13
Fund Financial Statements:	
Balance Sheet - Governmental Funds	15
Reconciliation of the Balance Sheet of Governmental Funds to the	
Statement of Net Position.....	16
Statement of Revenues, Expenditures, and Changes in Fund Balances –	
Governmental Funds.....	17
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund	
Balances of Governmental Funds to the Statement of Activities	19
Statement of Net Position - Proprietary Fund	20
Statement of Revenues, Expenses, and Changes in Net Position –	
Proprietary Fund.....	22
Statement of Cash Flows - Proprietary Fund	23
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and	
Actual - General Fund	25
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and	
Actual - State Street Aid Fund.....	35
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and	
Actual – Solid Waste Fund	36
Notes to the Financial Statements	37
Required Supplementary Information	
Schedules Relating to Pensions	56

Supplementary and Other Information

Combining Balance Sheet – Other Governmental Funds.....	59
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Other	
Governmental Funds.....	60
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and	
Actual - Drug Fund	61
Schedule of Investments.....	62
Schedule of Changes in Property Taxes Receivable.....	63
Schedule of Water and Sewer Rates in Force	64
Schedule of Unaccounted for Water - Unaudited	65
Schedule of Principal and Interest Requirements - Governmental Funds	67
Schedule of Long-term Debt - Proprietary Fund	68
Schedule of Expenditures of Federal Awards	69

**CITY OF DYER, TENNESSEE
TABLE OF CONTENTS**

Internal Control and Compliance Section

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	70
Schedule of Findings and Recommendations – Current Year	72
Schedule of Findings and Recommendations – Prior Year.....	73

INTRODUCTORY SECTION

CITY OF DYER, TENNESSEE
DIRECTORY
June 30, 2015

ELECTED OFFICIALS

Chris Younger, Mayor
Judy Baker, Alderman
Robert Johnson, Alderman
Michael Barron, Alderman
Richard Reed, Alderman
Belinda Oliver, Alderman
Raymond Carroll, Alderman
Tom Mikkelsen, Alderman
Ryan Shanklin, Alderman

APPOINTED OFFICIALS

Nathan Reed, CMFO, City Recorder
Roger Worrell, Fire Chief
Bradley P. Lindsey, Police Chief
Steven Tucker, Public Works Director

COUNSEL

Bill R. Barron, Attorney
Trenton, Tennessee

INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Alexander Thompson Arnold PLLC
Jackson, Tennessee

FINANCIAL SECTION

Members of:

American Institute of Certified Public Accountants
AICPA Center for Public Company Audit Firms
AICPA Governmental Audit Quality Center
AICPA Employee Benefit Plan Audit Quality Center
Tennessee Society of Certified Public Accountants
Kentucky Society of Certified Public Accountants



Certified Public Accountants
Offices in Tennessee & Kentucky

227 Oil Well Rd.
Jackson, TN 38305

Phone 731.427.8571
Fax 731.424.5701
www.atacpa.net

Independent Auditor's Report

Honorable Chris Younger, Mayor
Members of the Board of Aldermen
City of Dyer, Tennessee

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Dyer, Tennessee (the City), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General Fund, State Street Aid Fund, and Solid Waste Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter – Change in Accounting Principle

As discussed in Note 1 to the financial statements, in 2015 the City adopted new accounting guidance, GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment to GASB Statement No. 68*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 10 and the schedules relating to pensions on page 56 through 58 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section and supplementary and other information section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary and other information, except that which is marked unaudited, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary and other information, except that which is marked unaudited, is fairly stated in all material respects in relation to the financial statements taken as a whole.

The introductory section and supplementary and other information, which has been marked unaudited, has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 15, 2016, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions, laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Alexander Thompson Arnold PLLC

Jackson, Tennessee
January 15, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Dyer, we offer readers of the City of Dyer's financial statements this narrative overview and analysis of the financial activities of the City of Dyer for the fiscal year ended June 30, 2015. Comparative analyses of key elements of total governmental funds and total enterprise funds have been provided. The implementation of Governmental Accounting Standards Board (GASB) Statements No. 68 and 71, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27* and *Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB Statement No. 68*, causes some financial information reported in the MD&A for 2015 and 2014 not to be comparable.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City of Dyer exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$5.35 million (*net position*). Of this amount, \$1.26 million (*unrestricted net position*) may be used to meet the City of Dyer's ongoing obligations to citizens and creditors.
- As of the close of the current fiscal year, the City of Dyer's general fund reported an ending fund balance of \$406 thousand, an increase of \$6 thousand in comparison with the prior year. Of the total fund balance, \$366 thousand is available for spending at the City of Dyer's discretion (*unassigned fund balance*).
- The City of Dyer's total debt obligations decreased by \$111 thousand during the year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the City of Dyer's basic financial statements. The City's basic financial statements are comprised of the following components:

1. Government-wide financial statements;
2. Fund financial statements; and
3. Notes to the financial statements.

This report also contains required supplementary information and supplementary and other information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City of Dyer's finances, in a manner similar to a private-sector business.

- The Statement of Net Position presents information on all of the City of Dyer's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Dyer is improving or deteriorating.
- The Statement of Activities presents information showing how the City of Dyer's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes, compensated absences, etc.).

Both of the government-wide financial statements distinguish functions of the City of Dyer that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and

MANAGEMENT'S DISCUSSION AND ANALYSIS

charges (business-type activities). The governmental activities of the City of Dyer include general government, public safety, public works, health, culture, welfare, and recreation, and debt service. The business-type activities of the City of Dyer include the Water and Sewer Department. The government-wide financial statements can be found on pages 11 to 14 of this report.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Dyer, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Dyer can be divided into two categories: governmental funds and proprietary funds.

Governmental funds – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, the focus is on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources at the end of the fiscal year. Such information may be useful in evaluating the City's near-term financing requirements.

Because the focus of governmental funds is narrower than that of government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City of Dyer's near-term financing decisions. Both the Balance Sheet – Governmental Funds and the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. The governmental fund financial statements and reconciliations can be found on pages 15 to 19 of this report.

The City maintains five governmental funds. Information is presented separately in the Balance Sheet – Governmental Funds and in the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds for the General Fund, State Street Aid Fund, and Solid Waste Fund, which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation for these statements and is also presented separately in a Combining Balance Sheet – Other Governmental Funds and a Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Other Governmental Funds.

Proprietary funds – There are two different types of proprietary funds.

- *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The City of Dyer uses an enterprise fund to account for the Water and Sewer Department.
- *Internal service funds* are an accounting device used to accumulate and allocate costs internally among a City's various functions. The City of Dyer currently has no internal service funds.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water and Sewer Department which is considered to be a major fund of the City of Dyer. The basic proprietary fund financial statements can be found on pages 20 to 24 of this report.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 37 to 55 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City of Dyer's participation in the public employee pension plan of TCRS.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Position - As noted earlier, net position may serve over time as a useful indicator of a City's financial position. In the case of the City of Dyer, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$5.35 million at the close of the most recent fiscal year. The largest portion of the City's net position (70.95%) reflects its net investment in capital assets (e.g., land, buildings, machinery, equipment and infrastructure); less any related debt used to acquire those assets that is still outstanding. The City of Dyer uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Dyer's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Current and other assets	\$ 1,110,252	\$ 1,328,840	\$ 1,153,070	\$ 1,108,058	\$ 2,263,322	\$ 2,436,898
Capital assets	1,396,727	1,427,034	3,416,814	3,215,270	4,813,541	4,642,304
Total assets	<u>2,506,979</u>	<u>2,755,874</u>	<u>4,569,884</u>	<u>4,323,328</u>	<u>7,076,863</u>	<u>7,079,202</u>
Deferred outflows of resources	<u>36,160</u>	<u>-</u>	<u>16,961</u>	<u>-</u>	<u>53,121</u>	<u>-</u>
Long-term liabilities	370,668	379,046	793,031	765,189	1,163,699	1,144,235
Other liabilities	24,735	135,362	81,894	136,038	106,629	271,400
Total liabilities	<u>395,403</u>	<u>514,408</u>	<u>874,925</u>	<u>901,227</u>	<u>1,270,328</u>	<u>1,415,635</u>
Deferred inflows of resources	<u>490,103</u>	<u>458,457</u>	<u>16,477</u>	<u>-</u>	<u>506,580</u>	<u>458,457</u>
Net position:						
Net investment in capital assets	1,127,814	1,060,883	2,670,151	2,454,724	3,797,965	3,515,607
Restricted	168,190	272,316	125,000	125,000	293,190	397,316
Unrestricted	<u>361,629</u>	<u>449,810</u>	<u>900,292</u>	<u>842,377</u>	<u>1,261,921</u>	<u>1,292,187</u>
Total net position	<u>\$ 1,657,633</u>	<u>\$ 1,783,009</u>	<u>\$ 3,695,443</u>	<u>\$ 3,422,101</u>	<u>\$ 5,353,076</u>	<u>\$ 5,205,110</u>

An additional portion of the City of Dyer's net position (5.48%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of net position representing unrestricted net position (23.57%) may be used to meet the City of Dyer's ongoing obligations to

MANAGEMENT'S DISCUSSION AND ANALYSIS

citizens and creditors. At the end of the current fiscal year, the City of Dyer is able to report positive balances in all three categories of net position, both for the City of Dyer as a whole, as well as for its total governmental activities. The same situation held true for the prior fiscal year.

During the current fiscal year, the City's net position increased by \$148 thousand. The majority of this increase was due to excess revenues over expenditures in business-type activities.

Statement of Activities – Expenditures in the governmental activities exceeded revenues by \$53 thousand. In the business-type activities revenues exceeded expenses by \$307 thousand. There was a restatement in net position due to the implementation of GASB Statements No. 68 and No. 71 in the governmental activities and the business-type activities, which reduced net position by \$95 thousand and \$45 thousand, respectively. Also, a prior period adjustment was posted in the governmental activities and the business-type activities, which increased net position by \$23 thousand and \$11 thousand, respectively. Key elements of the changes in net position are as follows:

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Revenues:						
Program Revenues:						
Charges for services	\$ 213,063	\$ 224,189	\$ 672,116	\$ 677,797	\$ 885,179	\$ 901,986
Operating grants and contributions	77,395	74,390	-	-	77,395	74,390
Capital grants and contributions	38,179	67,438	291,012	48,935	329,191	116,373
General revenues:						
Property taxes	471,894	461,275	-	-	471,894	461,275
Other taxes	557,384	543,924	-	-	557,384	543,924
Other sources	20,297	74,082	2,544	(397)	22,841	73,685
Total revenues	<u>1,378,212</u>	<u>1,445,298</u>	<u>965,672</u>	<u>726,335</u>	<u>2,343,884</u>	<u>2,171,633</u>
Expenses:						
General government	179,471	192,222	-	-	179,471	192,222
Public safety	615,555	674,500	-	-	615,555	674,500
Public works	523,113	445,366	-	-	523,113	445,366
Health, culture, welfare and recreation	109,837	122,080	-	-	109,837	122,080
Debt service	3,540	3,936	-	-	3,540	3,936
Water and Sewer	-	-	658,864	697,243	658,864	697,243
Total expenses	<u>1,431,516</u>	<u>1,438,104</u>	<u>658,864</u>	<u>697,243</u>	<u>2,090,380</u>	<u>2,135,347</u>
Increase in net position	(53,304)	7,194	306,808	29,092	253,504	36,286
Net position - beginning	1,783,009	1,775,815	3,422,101	3,401,697	5,205,110	5,177,512
Restatement - GASB 68 and 71 implementation	(95,197)	-	(44,654)	-	(139,851)	-
Prior period adjustment	23,125	-	11,188	(8,688)	34,313	(8,688)
Net position - beginning restated	<u>1,710,937</u>	<u>1,775,815</u>	<u>3,388,635</u>	<u>3,393,009</u>	<u>5,099,572</u>	<u>5,168,824</u>
Net position - ending	<u>\$ 1,657,633</u>	<u>\$ 1,783,009</u>	<u>\$ 3,695,443</u>	<u>\$ 3,422,101</u>	<u>\$ 5,353,076</u>	<u>\$ 5,205,110</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS

COMMENTS ON FUND FINANCIAL STATEMENTS

As noted earlier, the City of Dyer uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds – The focus of the City of Dyer's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a City's net resources available for spending at the end of the fiscal year.

The general fund accounted for 85.74% of governmental fund revenues excluding other financing sources. Accordingly, this discussion will focus on the general fund. General fund balance was \$406 thousand at the end of the current fiscal year. Of that balance, \$366 thousand is available to meet the day-to-day needs of the City.

Revenues in the General Fund decreased from last year by approximately \$51 thousand and were within reasonable variances from last year. A budget comparison statement has been provided to demonstrate compliance with the budget.

Proprietary funds – The City of Dyer's proprietary fund provides the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net position of the proprietary fund at the end of the year amounted to \$900 thousand. Total increase in net position for this fund was \$273 thousand.

GENERAL FUND BUDGETARY HIGHLIGHTS

Final Budgeted and Actual Amounts

Actual revenues and other financing sources were less than the final budgeted amounts by \$48 thousand. Significant variances are as follows:

- The City received a significantly less amount of property tax revenue resulting in a budget variance of \$22 thousand.
- The City received a less amount of FEMA – storm grant resulting in a budget variance of \$38 thousand.
- The City did not issue a sale of notes during the current year resulting in a budget variance of \$14 thousand.
- All other revenue sources were in line with budgeted amounts. The remainder of the budget variance was due to several small budget differences.

Expenditures were less than budgeted amounts by \$114 thousand in the current year. Significant variances are as follows:

- The City paid less in police salaries than expected in the amount of \$21 thousand.
- The City incurred less in fire department's capital outlay than expected in the amount of \$17 thousand.
- All other expenditures were in line with budgeted amounts. The remainder of the budget variance was due to several small budget differences.

MANAGEMENT'S DISCUSSION AND ANALYSIS

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets - At the end of fiscal year 2015, the City had invested \$4.81 million net of accumulated depreciation in a variety of capital assets.

Long-term debt – At the end of the current fiscal year, the City of Dyer had total debt outstanding of \$1.02 million. Of this amount, \$269 thousand comprises debt backed by the full faith and credit of the City of Dyer. The remaining debt is comprised of \$747 thousand of bonds secured solely by specified revenue sources (i.e., revenue bonds). Additional information on the City of Dyer's long-term debt can be found in Note 4D on pages 48 through 50 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

- The unemployment rate for Gibson County is currently 7.2%. The state's average unemployment rate is currently 6.0%. The national average unemployment rate is currently 5.4%. All of the rates are from the Bureau of Labor Statistics released in April 2015.
- The national inflation rate is -0.2% and is likely similar in the region. This figure is from statistics through the 12 months ended April 2015 as published by the US government on May 22, 2015.

All of these factors were considered in preparing the City of Dyer's budget for the 2015-2016 fiscal year. The 2015-2016 budget for the City of Dyer has been approved and passed with a final reading on June 22, 2015.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City of Dyer's finances for citizens, taxpayers, customers, investors, creditors and all others with an interest in the City of Dyer's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City Recorder, City of Dyer, 105 South Main, Dyer, Tennessee 38330-1920.

BASIC FINANCIAL STATEMENTS

CITY OF DYER, TENNESSEE
STATEMENT OF NET POSITION
June 30, 2015

	Governmental Activities	Business-type Activities	Total
Assets			
Cash on hand	\$ 944	\$ 3,292	\$ 4,236
Cash and cash equivalents	430,421	616,762	1,047,183
Investments	20,000	275,000	295,000
Receivables:			
Taxes	512,752	-	512,752
Accounts - customer (net of allowances)	-	86,683	86,683
Accounts - court fines (net of allowances)	3,092	-	3,092
Intergovernmental - nongrant	114,094	-	114,094
Intergovernmental - grant	5,234	-	5,234
Due from other funds	1,314	(1,314)	-
Prepaid items	22,401	-	22,401
Restricted assets:			
Cash and cash equivalents	-	169,843	169,843
Prepaid expenses and other assets	-	2,804	2,804
Capital assets not being depreciated:			
Land	177,500	37,450	214,950
Capital assets net of accumulated depreciation:			
Buildings and improvements	523,951	-	523,951
Machinery and equipment	584,908	-	584,908
Infrastructure	110,368	-	110,368
Distribution plant	-	979,269	979,269
General plant	-	98,114	98,114
Treatment plant	-	2,301,981	2,301,981
Total assets	<u>2,506,979</u>	<u>4,569,884</u>	<u>7,076,863</u>
Deferred outflows of resources			
Pension - differences between expected and actual experience	8,109	3,804	11,913
Pension contributions subsequent to measurement date	28,051	13,157	41,208
Total deferred outflows of resources	<u>\$ 36,160</u>	<u>\$ 16,961</u>	<u>\$ 53,121</u>

The accompanying notes are an integral part of the financial statements.

CITY OF DYER, TENNESSEE
STATEMENT OF NET POSITION
June 30, 2015

	Governmental Activities	Business-type Activities	Total
Liabilities			
Accounts payable	\$ 16,989	\$ 35,493	\$ 52,482
Accrued expenses	7,746	1,558	9,304
Customer deposits	-	44,843	44,843
Noncurrent liabilities:			
Due within one year	81,962	14,114	96,076
Compensated absences payable	14,791	5,683	20,474
Due in excess of one year	186,951	732,549	919,500
Net pension liability	86,964	40,685	127,649
Total liabilities	395,403	874,925	1,270,328
Deferred inflows of resources			
Pension - net difference between projected and actual earnings on pension plan investments	35,128	16,477	51,605
Unavailable revenue - property taxes	454,975	-	454,975
Total deferred inflows of resources	490,103	16,477	506,580
Net Position			
Net investment in capital assets	1,127,814	2,670,151	3,797,965
Restricted for:			
State Street Aid	148,961	-	148,961
Drug	5,305	-	5,305
Solid waste	13,924	-	13,924
Debt service	-	125,000	125,000
Unrestricted	361,629	900,292	1,261,921
Total net position	\$ 1,657,633	\$ 3,695,443	\$ 5,353,076

The accompanying notes are an integral part of the financial statements.

CITY OF DYER, TENNESSEE
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2015

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenue and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
Governmental activities:							
General government							
Legislative	\$ 40,239	\$ -	\$ -	\$ -	\$ (40,239)	\$ -	\$ (40,239)
Judicial	8,250	10,271	-	-	2,021	-	2,021
Planning and zoning	-	2,403	-	-	2,403	-	2,403
City beautiful commission	1,823	-	1,500	-	(323)	-	(323)
City hall	961	43,240	-	-	42,279	-	42,279
Administrative	128,198	-	-	-	(128,198)	-	(128,198)
Public safety							
Police	482,571	695	9,313	-	(472,564)	-	(472,564)
Fire	120,765	17,027	-	4,024	(99,714)	-	(99,714)
Ambulance	4,191	-	-	-	(4,191)	-	(4,191)
Animal Control	8,027	100	-	-	(7,927)	-	(7,927)
Public works							
Street department	333,716	-	66,582	34,155	(232,979)	-	(232,979)
City garage	10,544	-	-	-	(10,544)	-	(10,544)
Sanitation collection	178,853	134,416	-	-	(44,437)	-	(44,437)
Health, culture, welfare, and recreation							
Senior citizens	14,783	4,910	-	-	(9,873)	-	(9,873)
Recreation park	95,054	-	-	-	(95,054)	-	(95,054)
Debt service							
Interest	3,540	-	-	-	(3,540)	-	(3,540)
Total governmental activities	<u>1,431,515</u>	<u>213,063</u>	<u>77,395</u>	<u>38,179</u>	<u>(1,102,879)</u>	<u>-</u>	<u>(1,102,879)</u>
Business-type activities:							
Water and sewer	<u>\$ 658,864</u>	<u>\$ 672,116</u>	<u>\$ -</u>	<u>\$ 291,012</u>	<u>\$ -</u>	<u>\$ 304,264</u>	<u>\$ 304,264</u>

The accompanying notes are an integral part of the financial statements.

CITY OF DYER, TENNESSEE
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2015

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenue and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
General revenues:							
	Property taxes - levied for general government				\$ 471,894	\$ -	\$ 471,894
	In lieu of property taxes - other governments				27,133	-	27,133
	Sales taxes				449,435	-	449,435
	Franchise taxes				10,065	-	10,065
	Income taxes				21,477	-	21,477
	Beer taxes				33,364	-	33,364
	Business taxes				15,910	-	15,910
	Sale of land and equipment				7,690	(2,020)	5,670
	Miscellaneous				11,916	-	11,916
	Unrestricted interest income				691	4,564	5,255
	Total general revenues				1,049,575	2,544	1,052,119
	Changes in net position				(53,304)	306,808	253,504
	Net position - beginning				1,783,009	3,422,101	5,205,110
	Restatement - GASB 68 and 71 implementation				(95,197)	(44,654)	(139,851)
	Prior period adjustment				23,125	11,188	34,313
	Total net position - beginning (restated)				1,710,937	3,388,635	5,099,572
	Net position - ending				\$ 1,657,633	\$ 3,695,443	\$ 5,353,076

The notes to the financial statements are an integral part of this statement.

FUND FINANCIAL STATEMENTS

CITY OF DYER, TENNESSEE
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2015

	General Fund	State Street Aid Fund	Solid Waste Fund	Other Governmental Funds	Total Governmental Funds
Assets					
Cash on hand	\$ 944	\$ -	\$ -	\$ -	\$ 944
Cash and cash equivalents	249,031	137,635	1,403	42,352	430,421
Investments	20,000	-	-	-	20,000
Prepaid insurance	22,356	-	-	45	22,401
Receivables:					
Taxes	512,752	-	-	-	512,752
Court fines	3,092	-	-	-	3,092
Intergovernmental - nongrants	102,768	11,326	-	-	114,094
Intergovernmental - grants	5,234	-	-	-	5,234
Due from other funds	30,050	-	21,725	-	51,775
Total assets	946,227	148,961	23,128	42,397	1,160,713
Liabilities					
Accounts payable	7,785	-	9,204	-	16,989
Accrued expenses	7,746	-	-	-	7,746
Due to other funds	13,369	-	-	37,092	50,461
Total liabilities	28,900	-	9,204	37,092	75,196
Deferred inflows of resources					
Unavailable property taxes - 2015 levy	454,975	-	-	-	454,975
Unavailable property taxes	53,335	-	-	-	53,335
Unavailable court fines	3,092	-	-	-	3,092
Total deferred inflows of resources	511,402	-	-	-	511,402
Fund balances					
Nonspendable					
Prepaid insurance	22,356	-	-	45	22,401
Restricted					
Drug enforcement	-	-	-	5,260	5,260
Solid waste expenditures	-	-	13,924	-	13,924
State Street Aid Expenditures	-	148,961	-	-	148,961
Assigned					
Subsequent year's budget:					
appropriation of fund balance	17,874	-	-	-	17,874
Unassigned	365,695	-	-	-	365,695
Total fund balances	405,925	148,961	13,924	5,305	574,115
Total liabilities, deferred inflows of resources, and fund balance	\$ 946,227	\$ 148,961	\$ 23,128	\$ 42,397	\$ 1,160,713

The accompanying notes are an integral part of the financial statements.

CITY OF DYER, TENNESSEE
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
June 30, 2015

Amounts reported for the governmental activities in the statement of net position (Page 12) are different because:

Fund balance - total governmental funds (Page 15)	\$ 574,115
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in funds	1,396,727
Receivables not available to pay for current expenditures and, therefore, are unavailable/unearned in the funds	56,427
Deferred outflows of resources related to pensions in which the consumption of net position will occur in future periods, therefore, it is not reported in the funds	36,160
Deferred inflows of resources related to pensions in which the acquisition of net position will occur in future periods, therefore, it is not reported in the funds	(35,128)
Long-term liabilities, including notes, compensated absences, and net pension liability are not due in the current period and, therefore, are not reported in the funds	<u>(370,668)</u>
Net position of governmental activities (Page 12)	<u>\$ 1,657,633</u>

The accompanying notes are an integral part of the financial statements.

CITY OF DYER, TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2015

	General Fund	State Street Aid Fund	Solid Waste Fund	Other Governmental Funds	Total Governmental Funds
Revenues					
Taxes	\$ 766,773	\$ -	\$ -	\$ -	\$ 766,773
Licenses and permits	44,690	-	-	-	44,690
Intergovernmental	318,218	61,807	-	-	380,025
Charges for services	17,193	-	130,679	695	148,567
Fines	15,621	-	-	-	15,621
Other	26,828	162	3,738	797	31,525
Total revenues	<u>1,189,323</u>	<u>61,969</u>	<u>134,417</u>	<u>1,492</u>	<u>1,387,201</u>
Expenditures					
Current:					
General government					
Legislative	40,126	-	-	-	40,126
Judicial	8,250	-	-	-	8,250
Planning and zoning	961	-	-	-	961
City beautiful commission	1,823	-	-	-	1,823
Administrative	129,248	-	-	-	129,248
Total General Government	<u>180,408</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>180,408</u>
Public safety					
Police	485,926	-	-	400	486,326
Fire	85,059	-	-	-	85,059
Ambulance	4,191	-	-	-	4,191
Animal control	8,027	-	-	-	8,027
Total public safety	<u>583,203</u>	<u>-</u>	<u>-</u>	<u>400</u>	<u>583,603</u>
Public works					
Street department	231,924	84,341	-	-	316,265
City garage	10,565	-	-	-	10,565
Utilities - streetlight	-	39,420	-	-	39,420
Sanitation	-	-	178,017	-	178,017
Total public works	<u>\$ 242,489</u>	<u>\$ 123,761</u>	<u>\$ 178,017</u>	<u>\$ -</u>	<u>\$ 544,267</u>

The accompanying notes are an integral part of the financial statements.

CITY OF DYER, TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

For the Fiscal Year Ended June 30, 2015

	General Fund	State Street Aid Fund	Solid Waste Fund	Other Governmental Funds	Total Governmental Funds
Expenditures					
Current:					
Health, culture, welfare, and recreation					
Senior citizens	\$ 10,106	\$ -	\$ -	\$ -	\$ 10,106
Recreation park	78,053	-	-	-	78,053
Total health, culture, welfare, and recreation	88,160	-	-	-	88,160
Debt service:					
Principal	97,351	-	-	-	97,351
Interest	14,502	-	-	-	14,502
Total debt service	111,853	-	-	-	111,853
Total expenditures	1,206,114	123,761	178,017	400	1,508,291
Net changes in fund balances	(16,791)	(61,792)	(43,600)	1,092	(121,091)
Fund balance - beginning	399,765	210,753	57,350	4,213	672,081
Prior period adjustment	22,951	-	174	-	23,125
Fund balance - beginning (restated)	422,716	210,753	57,524	4,213	695,206
Fund balance - ending	\$ 405,925	\$ 148,961	\$ 13,924	\$ 5,305	\$ 574,115

The accompanying notes are an integral part of the financial statements.

CITY OF DYER, TENNESSEE
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2015

Amounts reported for the governmental activities in the statement of activities (Page 14) are different because:

Net change in fund balance - total governmental funds (Page 18)	\$ (121,091)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense in the current period. This is the amount by which capital outlay exceeded depreciation in the current period.	(27,830)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(8,986)
Some expenses reported in the statement of activities, such as accrued leave, do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.	(1,896)
The actuarially determined pension expense does not consume current financial resources and, therefore, is not reported in the governmental funds. It is reported as expenses in the statement of activities.	(18,791)
The pension contributions subsequent to the measurement date of June 30, 2014 consumes the current financial resources in the fund statements, but is considered deferred outflows of resources in the government wide statements. Therefore, these transactions do not have any effect on net position.	28,051
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.	97,238
Change in net position of governmental activities (Page 14)	<u>\$ (53,304)</u>

The accompanying notes are an integral part of the financial statements.

**CITY OF DYER, TENNESSEE
PROPRIETARY FUND
STATEMENT OF NET POSITION
June 30, 2015**

	<u>Water and Sewer Department</u>
Assets	
Current assets:	
Cash on hand	\$ 3,292
Cash and cash equivalents	616,762
Certificates of deposit	275,000
Receivables:	
Accounts (net of allowances for uncollectibles)	86,683
Grant receivable	-
Due from other funds	24,722
Other current assets	<u>2,804</u>
Total current assets	<u>1,009,263</u>
 Restricted assets:	
Cash and cash equivalents	<u>169,843</u>
 Capital assets:	
Property, plant and equipment	7,348,494
Less: Accumulated depreciation	<u>3,931,680</u>
Total capital assets	<u>3,416,814</u>
 Total assets	 <u>4,595,920</u>
 Deferred outflows of resources	
Differences between expected and actual experience	3,804
Pension contributions subsequent to measurement date	<u>13,157</u>
Total deferred outflows of resources	<u>\$ 16,961</u>

The accompanying notes are an integral part of the financial statements.

**CITY OF DYER, TENNESSEE
PROPRIETARY FUND
STATEMENT OF NET POSITION
June 30, 2015**

	<u>Water and Sewer Department</u>
Liabilities	
Liabilities	
Current liabilities (payable from current assets):	
Accounts payable	\$ 35,493
Accrued wages	1,558
Due to other funds	<u>26,036</u>
Total current liabilities (payable from current assets)	<u>63,087</u>
Current liabilities (payable from restricted assets):	
Revenue and tax bonds payable	<u>14,114</u>
Noncurrent liabilities:	
Net pension liability	40,685
Revenue and tax bonds payable (less current maturities)	732,549
Customer deposits	44,843
Compensated absences payable	<u>5,683</u>
Total noncurrent liabilities	<u>823,760</u>
Total liabilities	<u>900,961</u>
Deferred inflows of resources	
Net difference between projected and actual earnings on pension plan investments	<u>16,477</u>
Net position	
Net investment in capital assets	2,670,151
Restricted for debt service	125,000
Unrestricted	<u>900,292</u>
Total net position	<u>\$ 3,695,443</u>

The accompanying notes are an integral part of the financial statements.

CITY OF DYER, TENNESSEE
PROPRIETARY FUND
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
For the Fiscal Year Ended June 30, 2015

	<u>Water and Sewer Department</u>
Operating revenues	
Charges for services	\$ 649,326
Forfeited discounts	15,504
Other operating revenue	<u>7,286</u>
Total operating revenues	<u>672,116</u>
Operating expenses	
Operations expense	412,499
Maintenance expense	43,212
Depreciation and amortization	<u>172,447</u>
Total operating expenses	<u>628,158</u>
Operating income (loss)	<u>43,958</u>
Nonoperating revenues (expenses)	
Interest and other income	4,564
Loss on sale of assets	(2,020)
Interest and other expense	<u>(30,706)</u>
Total nonoperating revenues (expenses)	<u>(28,162)</u>
Change in net position, before transfers and capital contributions	<u>15,796</u>
Transfers and capital contributions	
Capital contributions - grants	<u>291,012</u>
Change in net position	306,808
Total net position - beginning	3,422,101
Restatement - GASB 68 and 71 implementation	(44,654)
Prior period adjustment	<u>11,188</u>
Total net position - beginning (restated)	<u>3,388,635</u>
Total net position - ending	<u><u>\$ 3,695,443</u></u>

The accompanying notes are an integral part of the financial statements.

**CITY OF DYER, TENNESSEE
PROPRIETARY FUND
STATEMENT OF CASH FLOWS**
For the Fiscal Year Ended June 30, 2015

	<u>Water and Sewer Department</u>
Cash flows from operating activities	
Cash received from consumers	\$ 674,290
Cash received (paid) from other funds	28,633
Cash paid to suppliers for goods & services	(266,335)
Cash paid for employees and benefits	(237,344)
Customer deposits received	<u>2,344</u>
Net cash provided (used) by operating activities	<u>201,588</u>
Cash flows from capital and related financing activities	
Principal paid on long-term debt	(13,881)
Interest paid on long-term debt	(30,706)
Construction and acquisition of capital assets	(376,013)
Capital contributions grants	<u>295,321</u>
Net cash provided (used) by capital and related financing activities	<u>(125,279)</u>
Cash flows from investing activities	
Purchase of investments	(275,000)
Proceeds from sale and maturities of investments	275,000
Interest and other non-operating income	<u>4,564</u>
Net cash provided (used) by investing activities	<u>4,564</u>
Net increase (decrease) in cash and cash equivalents	80,873
Cash and cash equivalents - beginning	<u>709,024</u>
Cash and cash equivalents - ending	<u><u>\$ 789,897</u></u>

The accompanying notes are an integral part of the financial statements.

**CITY OF DYER, TENNESSEE
 PROPRIETARY FUND
 STATEMENT OF CASH FLOWS**
 For the Fiscal Year Ended June 30, 2015

	<u>Water and Sewer Department</u>
Reconciliation of operating income(loss) to net cash provided(used) by operating activities	
Operating income (loss)	\$ 43,958
Adjustments to reconcile operating income(loss) to net cash provided(used) by operating activities:	
Depreciation and amortization	172,447
Change in pension contributions subsequent to the measurement date in excess of the actuarially determined pension expense	(4,453)
Changes in assets and liabilities:	
Accounts receivable	2,174
Due from other funds	3,344
Accounts payable and accrued expenses	(43,515)
Due to other funds	25,289
Customer deposits	<u>2,344</u>
Net cash provided (used) by operating activities	<u>\$ 201,588</u>

The accompanying notes are an integral part of the financial statements.

CITY OF DYER, TENNESSEE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2015

Revenues	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Taxes:				
Property taxes	\$ 458,463	\$ 458,463	\$ 436,019	\$ (22,444)
Delinquent property taxes	24,000	24,000	26,799	2,799
Interest and penalty	6,500	6,500	5,488	(1,012)
Local option sales tax	263,500	263,500	272,492	8,992
Business taxes	21,000	21,000	15,910	(5,090)
Cable TV franchise tax	9,150	9,150	10,065	915
	<u>782,613</u>	<u>782,613</u>	<u>766,773</u>	<u>(15,840)</u>
Licenses and permits:				
Auto registration	44,000	44,000	43,513	(487)
Building permits	500	500	1,177	677
	<u>44,500</u>	<u>44,500</u>	<u>44,690</u>	<u>190</u>
Intergovernmental:				
State law enforcement	3,600	3,600	3,000	(600)
State sales tax	166,700	166,700	177,529	10,829
State income tax	8,500	8,500	17,612	9,112
State beer tax	33,008	33,008	33,564	556
State highway and streets				
- petroleum special	4,799	4,799	4,776	(23)
TVA in-lieu-of-tax	25,500	25,500	27,133	1,633
Corporate excise tax	10,000	10,000	3,865	(6,135)
Section 1033 excess property program	-	-	1,229	1,229
THDA - housing grant	-	-	1,500	1,500
TEMA - Storm grant	72,000	72,000	34,155	(37,845)
FEMA - Fire grant	-	-	4,024	4,024
Highway safety grant	5,000	5,000	9,831	4,831
	<u>329,107</u>	<u>329,107</u>	<u>318,218</u>	<u>(10,889)</u>
Charges for services:				
Business license recording fee	25	25	30	5
Rural fire protection	20,000	20,000	17,027	(2,973)
Returned check service charges	-	-	35	35
Report charges	75	75	101	26
Mowing and equipment charges	100	100	-	(100)
	<u>\$ 20,200</u>	<u>\$ 20,200</u>	<u>\$ 17,193</u>	<u>\$ (3,007)</u>

The accompanying notes are an integral part of the financial statements.

CITY OF DYER, TENNESSEE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2015

	<u>Budgeted Amounts</u>			<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Final Budget</u>
				<u>Over (Under)</u>
Fines:				
City court fines	\$ 20,000	\$ 20,000	\$ 14,915	\$ (5,085)
Drug related funds	-	-	621	621
Diversion filing	50	50	85	35
DUI related fines	300	300	-	(300)
	<u>20,350</u>	<u>20,350</u>	<u>15,621</u>	<u>(4,729)</u>
Other:				
Interest earnings	500	500	519	19
Rent - Sr. Citizens - VFW	1,000	1,000	1,380	380
Sale of equipment	16,500	16,500	6,300	(10,200)
Sale of land	5,000	5,000	3,867	(1,133)
Insurance recoveries	-	-	1,170	1,170
Meals program contributions	3,250	3,250	3,530	280
Miscellaneous	-	-	9,937	9,937
Driver's license reinstatement	-	-	25	25
Animal Control Fees	200	200	100	(100)
	<u>26,450</u>	<u>26,450</u>	<u>26,828</u>	<u>378</u>
Total revenues	<u>\$ 1,223,220</u>	<u>\$ 1,223,220</u>	<u>\$ 1,189,323</u>	<u>\$ (33,897)</u>

The accompanying notes are an integral part of the financial statements.

CITY OF DYER, TENNESSEE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
Expenditures				
Current:				
General government:				
Legislative:				
Board members	\$ 14,400	\$ 14,400	\$ 14,400	\$ -
OASI	1,102	1,102	1,102	-
Workmen's compensation	120	120	100	(20)
Public notices	1,500	1,500	1,607	107
Postage	-	-	2	2
Memberships	3,200	3,200	2,978	(222)
Telephone	1,000	1,000	1,392	392
Travel	1,200	1,200	145	(1,055)
Public officials insurance	9,700	9,700	10,096	396
Surety bonds	175	175	298	123
Grants and donations	1,000	1,000	2,500	1,500
Miscellaneous	5,600	5,600	5,506	(94)
	<u>38,997</u>	<u>38,997</u>	<u>40,126</u>	<u>1,129</u>
Judicial:				
Legal services	9,000	9,000	8,250	(750)
Planning and zoning:				
Public Notices	-	-	234	234
Consultant services	750	750	727	(23)
	<u>750</u>	<u>750</u>	<u>961</u>	<u>211</u>
City beautiful commission:				
Utility services	700	700	628	(72)
Repairs and maintenance	1,500	1,500	410	(1,090)
Engineering services	1,500	1,500	785	(715)
	<u>\$ 3,700</u>	<u>\$ 3,700</u>	<u>\$ 1,823</u>	<u>\$ (1,877)</u>

The accompanying notes are an integral part of the financial statements.

CITY OF DYER, TENNESSEE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
General government:				
Administrative:				
Salary	\$ 49,547	\$ 49,547	\$ 42,467	\$ (7,080)
Employee bonus	150	150	-	(150)
OASI	3,802	3,802	3,263	(539)
Health insurance	6,986	6,986	4,879	(2,107)
Retirement	3,519	3,519	2,864	(655)
Workmen's compensation	275	275	253	(22)
Postage	900	900	779	(121)
Public notices	500	500	430	(70)
Memberships	1,310	1,310	989	(321)
Utilities	6,450	6,450	7,802	1,352
Telephone	4,000	4,000	3,773	(227)
Auditing services	15,375	15,375	16,538	1,163
Repairs - equipment	300	300	4	(296)
Office maintenance contract	8,364	8,364	1,441	(6,923)
Repairs - building	1,000	1,000	378	(622)
Auto allowance	1,400	1,400	924	(476)
Travel expense	1,850	1,850	137	(1,713)
Clerk and masters fee	400	400	-	(400)
Office supplies	3,000	3,000	3,789	789
Janitorial supplies	1,690	1,690	1,614	(76)
Employees uniforms	250	250	115	(135)
Building insurance	2,000	2,000	1,666	(334)
Equipment insurance	55	55	51	(4)
Miscellaneous	2,275	2,275	3,502	1,227
Office machinery and equipment	29,500	29,500	17,504	(11,996)
Computer equipment	5,500	5,500	13,611	8,111
Surety bonds	275	275	475	200
	<u>150,672</u>	<u>150,672</u>	<u>129,248</u>	<u>(21,424)</u>
Total general government	\$ 203,119	\$ 203,119	\$ 180,408	\$ (22,711)

The accompanying notes are an integral part of the financial statements.

CITY OF DYER, TENNESSEE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2015

	<u>Budgeted Amounts</u>			<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Final Budget</u>
				<u>Over (Under)</u>
Public safety:				
Police:				
Salary	\$ 228,759	\$ 228,759	208,089	\$ (20,670)
Overtime salaries	80,389	80,389	78,537	(1,851)
OASI	23,650	23,650	21,838	(1,812)
Health insurance	28,882	28,882	27,502	(1,380)
Retirement	18,037	18,037	16,621	(1,416)
Workmen's compensation	17,400	17,400	17,604	204
Employee training	500	500	-	(500)
Dispatch services	12,317	12,317	13,343	1,026
Publications and reports	600	600	35	(565)
Public notices	100	100	120	20
Memberships	1,500	1,500	1,447	(53)
Utilities	3,900	3,900	4,127	227
Telephone	2,920	2,920	3,313	393
Medical and dental	100	100	65	(35)
Repair - motor vehicle	6,000	6,000	3,541	(2,459)
Repair - equipment	750	750	758	8
Repair - building	27,100	27,100	27,230	130
Auto allowance	150	150	1,510	1,360
Travel expense	2,800	2,800	2,983	183
Office supplies	1,000	1,000	572	(428)
Operating supplies	4,620	4,620	3,951	(669)
Uniforms	4,200	4,200	4,656	456
Gas, diesel, oil and grease	20,500	20,500	13,908	(6,592)
Computer insurance	-	-	630	630
Equipment insurance	1,670	1,670	2,043	373
General liability insurance	2,850	2,850	2,227	(623)
Public officials insurance	6,435	6,435	5,783	(652)
Surety bonds	1,000	1,000	900	(100)
Building rent	2,400	2,400	800	(1,600)
Miscellaneous	250	250	185	(65)
Capital outlay	\$ 32,000	\$ 32,000	\$ 21,103	\$ (10,897)

The accompanying notes are an integral part of the financial statements.

CITY OF DYER, TENNESSEE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2015

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
				Over (Under)
Office machinery and equipment	\$ 2,000	\$ 2,000	\$ -	\$ (2,000)
Computer equipment	3,500	3,500	505	(2,995)
	<u>538,278</u>	<u>538,278</u>	<u>485,926</u>	<u>(52,352)</u>
Fire protection and control:				
OASI	2,000	2,000	1,837	(163)
Workmen's compensation	3,710	3,710	3,369	(341)
Employee training	4,915	4,915	3,466	(1,449)
Volunteer firemen	25,000	25,000	24,012	(988)
Postage	100	100	-	(100)
Dispatch services	4,106	4,106	4,448	343
Publications and reports	100	100	-	(100)
Memberships	200	200	249	49
Utilities	4,270	4,270	4,081	(189)
Telephone	1,199	1,199	1,203	4
Repair - motor vehicle	3,100	3,100	2,914	(186)
Repair - equipment	3,000	3,000	1,180	(1,820)
Auto allowance	750	750	1,277	527
Travel expense	600	600	-	(600)
Operating supplies	2,150	2,150	363	(1,787)
Asphalt Products	3,000	3,000	-	(3,000)
Uniforms	10,000	10,000	9,974	(26)
Gas, diesel, oil and grease	1,600	1,600	1,138	(462)
Building and equipment insurance	4,850	4,850	5,189	339
General liability insurance	3,660	3,660	3,122	(538)
Surety bonds	200	200	100	(100)
Miscellaneous	500	500	188	(312)
Capital outlay	32,950	32,950	15,732	(17,218)
Communications equipment	4,000	4,000	-	(4,000)
Computer equipment	1,300	1,300	1,217	(83)
	<u>\$ 117,260</u>	<u>\$ 117,260</u>	<u>\$ 85,059</u>	<u>\$ (32,200)</u>

The accompanying notes are an integral part of the financial statements.

CITY OF DYER, TENNESSEE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2015

	<u>Budgeted Amounts</u>			<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Final Budget</u>
				<u>Over (Under)</u>
Ambulance building:				
Utilities	\$ 3,480	\$ 3,480	\$ 3,471	\$ (9)
Repairs and maintenance	500	500	412	(88)
Building insurance	325	325	308	(17)
	<u>4,305</u>	<u>4,305</u>	<u>4,191</u>	<u>(114)</u>
Animal Control:				
Animal control service	7,800	7,800	7,285	(515)
Workmen's compensation	750	750	642	(108)
Surety bond	100	100	100	-
Animal shelter rent	1,000	1,000	-	(1,000)
	<u>9,650</u>	<u>9,650</u>	<u>8,027</u>	<u>(1,623)</u>
Total public safety	<u>669,493</u>	<u>669,493</u>	<u>583,203</u>	<u>(86,289)</u>
Public works:				
Street department:				
Salary	114,086	114,086	114,478	392
Overtime	1,363	1,363	2,358	995
OASI	8,832	8,832	8,887	55
Health insurance	22,730	22,730	24,501	1,771
Retirement	8,146	8,146	6,846	(1,300)
Workmen's compensation	10,390	10,390	13,847	3,457
Public notices	50	50	96	46
Medical and dental	50	50	158	108
Repair - motor vehicles	8,000	8,000	8,734	734
Repair - ditches	1,000	1,000	1,013	13
Repair - equipment	3,000	3,000	290	(2,710)
Repair - traffic lights	200	200	-	(200)
Operating and safety supplies	2,100	2,100	3,021	921
Uniforms	2,300	2,300	2,629	329
Gas, diesel, oil and grease	8,500	8,500	7,855	(645)
Painting supplies	500	500	486	(14)
Sign parts and supplies	\$ 500	\$ 500	\$ 674	\$ 174

The accompanying notes are an integral part of the financial statements.

CITY OF DYER, TENNESSEE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2015

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
				Over (Under)
Concrete and cement products	\$ 600	\$ 600	\$ 119	\$ (481)
Culverts and pipes	800	800	403	(397)
Gravel, sand and asphalt	1,500	1,500	2,034	534
Equipment insurance	1,200	1,200	1,500	300
General liability insurance	2,400	2,400	2,181	(219)
Miscellaneous	100	100	361	261
Capital outlay	29,000	29,000	29,454	454
	<u>227,346</u>	<u>227,346</u>	<u>231,924</u>	<u>4,578</u>
City garage:				
Utilities - electric	2,900	2,900	2,856	(44)
Utilities - water	650	650	583	(67)
Utilities - gas	3,600	3,600	2,807	(793)
Repair - equipment	300	300	203	(97)
Repair - building	1,000	1,000	780	(220)
Janitorial services	500	500	21	(479)
Shop supplies	1,250	1,250	936	(314)
Gas, diesel, oil and grease	1,400	1,400	5	(1,395)
Building insurance	800	800	888	88
Machinery and equipment	725	725	1,486	761
	<u>13,125</u>	<u>13,125</u>	<u>10,565</u>	<u>(2,560)</u>
Total public works	<u>240,471</u>	<u>240,471</u>	<u>242,489</u>	<u>2,018</u>
Health, culture, recreation and welfare:				
Senior citizens				
Salary	2,041	2,041	2,343	302
OASI	156	156	179	23
Workmen's compensation	170	170	25	(145)
Utilities - electric	1,600	1,600	1,606	6
Utilities - water	370	370	382	12
Utilities - gas	775	775	837	62
Telephone	\$ 50	\$ 50	\$ 37	\$ (13)

The accompanying notes are an integral part of the financial statements.

CITY OF DYER, TENNESSEE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
Health, culture, recreation and welfare:				
Senior citizens:				
Repair - motor vehicles	\$ 400	\$ 400	\$ 167	\$ (233)
Repair - equipment	100	100	-	(100)
Repair - building	500	500	297	(203)
Travel expense	100	100	-	(100)
Operating supplies	450	450	207	(243)
Janitorial services	300	300	641	341
Gas, diesel, oil and grease	1,200	1,200	716	(484)
Building insurance	560	560	633	73
General liability insurance	300	300	191	(109)
Grants and donations	1,900	1,900	1,845	(55)
Miscellaneous	100	100	-	(100)
	<u>11,072</u>	<u>11,072</u>	<u>10,106</u>	<u>(966)</u>
Recreation park:				
Salary	23,760	23,760	23,880	120
Overtime salaries	-	-	304	304
OASI	1,818	1,818	1,843	25
Health insurance	9,623	9,623	9,623	-
Retirement	1,682	1,682	1,719	37
Repair - motor vehicles	1,000	1,000	1,722	722
Operating supplies	1,200	1,200	1,321	121
Uniforms	400	400	670	270
Utilities - electric	5,200	5,200	5,394	194
Utilities - water	500	500	281	(219)
Repair - equipment	2,000	2,000	4,079	2,079
Repair - building	500	500	1,016	516
Mowing contractual services	8,780	8,780	7,700	(1,080)
Landscaping service	1,000	1,000	467	(533)
Operating and agricultural supplies	3,350	3,350	998	(2,352)
Janitorial services	600	600	239	(361)
Gas, diesel, oil and grease	5,000	5,000	3,032	(1,968)
Sand and gravel	800	800	-	(800)
Building insurance	1,420	1,420	1,473	53
Workmen's compensation	\$ 1,100	\$ 1,100	\$ 2,172	\$ 1,072

The accompanying notes are an integral part of the financial statements.

CITY OF DYER, TENNESSEE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2015

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
				Over (Under)
Capital outlay	\$ 13,500	\$ 13,500	\$ 9,400	\$ (4,100)
Grants and donations	250	250	-	(250)
Liability insurance	450	450	399	(51)
Miscellaneous	-	-	321	321
	<u>83,933</u>	<u>83,933</u>	<u>78,053</u>	<u>(5,880)</u>
 Total health, culture, recreation and welfare	 <u>95,005</u>	 <u>95,005</u>	 <u>88,160</u>	 <u>(6,845)</u>
 Debt service:				
Principal	97,536	97,536	97,351	(185)
Interest	<u>14,328</u>	<u>14,328</u>	<u>14,502</u>	<u>174</u>
	<u>111,864</u>	<u>111,864</u>	<u>111,853</u>	<u>(11)</u>
 Total expenditures	 <u>1,319,952</u>	 <u>1,319,952</u>	 <u>1,206,114</u>	 <u>(113,838)</u>
 Excess (deficiency) of revenues				
over (under) expenditures	<u>(96,732)</u>	<u>(96,732)</u>	<u>(16,791)</u>	<u>79,941</u>
 Other financing sources (uses):				
Sales of notes	<u>14,498</u>	<u>14,498</u>	<u>-</u>	<u>(14,498)</u>
 Net change in fund balance	<u>\$ (82,235)</u>	<u>\$ (82,235)</u>	<u>\$ (16,791)</u>	<u>\$ 65,444</u>
 Fund balance - beginning			399,765	
Prior period adjustment			<u>22,951</u>	
Fund balance - beginning (restated)			<u>422,716</u>	
 Fund balance - ending			<u><u>\$ 405,925</u></u>	

The accompanying notes are an integral part of the financial statements.

CITY OF DYER, TENNESSEE
STATE STREET AID FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2015

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
Revenues				Over (Under)
Intergovernmental:				
Gas 1989 tax	\$ 6,737	\$ 6,737	\$ 6,804	\$ 67
Gas 3 cent tax	11,854	11,854	12,628	774
Gasoline and motor fuel tax	41,954	41,954	42,375	421
	<u>60,545</u>	<u>60,545</u>	<u>61,807</u>	<u>1,262</u>
Other:				
Interest	<u>500</u>	<u>500</u>	<u>162</u>	<u>(338)</u>
Total revenues	<u>61,045</u>	<u>61,045</u>	<u>61,969</u>	<u>924</u>
Expenditures				
Current:				
Public works:				
Utilities - streetlight	38,000	38,000	39,420	1,420
Repair - roads	23,045	23,045	84,341	61,296
	<u>61,045</u>	<u>61,045</u>	<u>123,761</u>	<u>62,716</u>
Excess (deficiency) of revenues				
over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (61,792)</u>	<u>\$ (60,372)</u>
Fund balance - beginning			<u>210,753</u>	
Fund balance - ending			<u>\$ 148,961</u>	

The accompanying notes are an integral part of the financial statements.

CITY OF DYER, TENNESSEE
SOLID WASTE FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2015

Revenues	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Charges for services:				
Refuse collection charges	\$ 129,449	\$ 130,440	\$ 130,679	\$ 239
Penalties and interest	3,040	3,738	3,738	-
Total revenues	<u>132,489</u>	<u>134,178</u>	<u>134,417</u>	<u>239</u>
Expenditures				
Current:				
Public works:				
Sanitation:				
Garbage collection	160,755	166,794	175,982	9,188
Salary	-	1,482	1,603	121
Utilities - electric	-	588	280	(308)
OASI	-	-	152	152
Workman's Compensation	650	650	-	(650)
Total expenditures	<u>161,405</u>	<u>169,513</u>	<u>178,017</u>	<u>8,503</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (28,916)</u>	<u>\$ (35,335)</u>	<u>\$ (43,600)</u>	<u>\$ (8,265)</u>
Fund balance - beginning			57,350	
Prior period adjustment			174	
Fund balance - beginning (restated)			<u>57,524</u>	
Fund balance - ending			<u>\$ 13,924</u>	

The accompanying notes are an integral part of the financial statements.

CITY OF DYER, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of Dyer, Tennessee (the City) operates under a Mayor-Alderman form of government and provides the following services as authorized by its charter: public safety (police, fire, and ambulance services), street maintenance, sanitation, water and sewerage, solid waste disposal, and general administrative services. As required by generally accepted accounting principles, these financial statements present all funds, which comprise the City. There are no other component units, entities for which the City is considered financially accountable, which should be included.

The City is also responsible for appointing all of the members of the Dyer Industrial Development Board, but the City's accountability for that organization does not extend beyond making appointments. The City made no appropriations to the Industrial Development Board during the year ended June 30, 2015.

The financial statements of the City have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the City are described below.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of the interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of the given function, or segment, are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and the proprietary fund. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Nonmajor combining statements and individual statements are presented in the supplementary and other information section.

C. Measurement Focus, Basis of Accounting, and Financial Statements Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues

CITY OF DYER, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, gross receipt taxes, sales taxes, grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The City reports the following major governmental funds:

The general fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The state street aid fund accounts for street and road repair and maintenance.

The solid waste fund accounts management of sanitation services.

The City reports the following major proprietary fund:

The water and sewer fund accounts for the activities associated with the water distribution system and for the activities associated with the sewage treatment plant, sewage pumping stations, and collection system.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the City's Water and Sewer division and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and delivering goods in connection with the proprietary fund's principal ongoing operations. The principal operating revenues of the water and sewer fund are charges for sales to customers for sales and service. The water and sewer fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for the proprietary funds include the cost of sales and services, administrative expenses, and depreciation

CITY OF DYER, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

D. Impact of Recently Issued Accounting Pronouncements

In June 2012, the GASB issued Statement No. 67, *Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25*, and Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*. Statement No. 67, effective for fiscal years beginning after June 15, 2013, revises existing standards of financial reporting by state and local government pension plans and will be adopted by the pension plan itself. Statement No. 68 will affect the governments that participate as employers in these plans and is effective for fiscal years beginning after June 15, 2014. For governments to adopt Statement No. 68, the underlying pension plans must first adopt Statement No. 67. These statements establish a definition of a pension plan that reflects the primary activities associated with the pension arrangement – determining pensions, accumulating and managing assets dedicated for pensions, and paying benefits to plan members as they come due. Statement No. 68 details the recognition and disclosure requirements for employers with liabilities (payables) to a defined benefit pension plan and for employers whose employees are provided with defined contribution pensions. The objective of Statement No. 68 is to improve accounting and financial reporting by state and local governments for pensions. These pension standards include significant changes to how governmental employers will report liabilities related to pension obligations. The implementation of GASB Statement No. 68 resulted in the presentation of net pension liability and deferred inflows/outflows of resources on the statement of net position that previously had not been reported.

In January 2013, the GASB issued Statement 69, *Government Combinations and Disposals of Government Operations*. This Statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. The Statement also provides guidance on how to determine the gain or loss on a disposal of government operations. This Statement applies to all state and local governmental entities. The requirements of this Statement should be applied prospectively and are effective for government combinations and disposals of government operations occurring in financial reporting periods beginning after December 15, 2013. Management is currently evaluating the impact of the adoption of this statement on the City's financial statements, but has not implemented its effects on items currently reported in the financial statements.

In April 2013, the GASB issued Statement 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. This Statement establishes accounting and financial reporting standards for situations where a state or local government, as a guarantor, agrees to indemnify a third-party obligation holder under specified conditions. The issuer of the guaranteed obligation can be a legally separate entity or individual, including a blended or discretely presented component unit. Guidance is provided for situations where a state or local government extends or receives a nonexchange financial guarantee. The requirements of this Statement are effective for financial statements for reporting periods beginning after June 15, 2013. Management has evaluated the impact of the adoption of this statement on the City's financial statements and believes there will be no impact.

In November 2013, the GASB issued Statement 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68*. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing

CITY OF DYER, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. This Statement amends paragraph 137 of Statement 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. Statement 68, as amended, continues to require that beginning balances for other deferred outflows of resources and deferred inflows of resources related to pensions be reported at transition only if it is practical to determine all such amounts. The provisions of the Statement are required to be applied simultaneously with the provisions of Statement 68. Management has implemented this statement and its effects are reported in the current financial statements.

E. Net Position Flow Assumption

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

F. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Fund Balance

Deposits and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and certificates of deposit and other time deposits with a term of less than three months.

State statutes authorize the City to invest in certificates of deposit, obligations of the U. S. Treasury, agencies, and instrumentalities, obligations guaranteed by the U. S. Government or its agencies, repurchase agreements, and the state's investment pool.

Investments for the City are reported at fair value. The State Local Government Investment Pool operated in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

Receivables and Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet.

Property tax receivables are shown net of an allowance for uncollectibles. The allowance is recorded based on the past history of collections. Court fines receivable are also shown net of an allowance for uncollectibles. The allowance is recorded based on management's estimate of what portion of the outstanding receivable will be collected in the future.

The allowances for uncollectible customer accounts recorded in the proprietary funds are based on past history of uncollectible accounts and management's analysis of current accounts. Bad debts in the proprietary funds are recorded by the direct write-off method.

The lien for property taxes is effective on January 1st and such taxes are levied annually on October 1st. Property tax bills are mailed out on October 1st. The taxes are due and payable from October 1st through February 28th in the year succeeding the tax levy. An unperfected lien attaches by statute

CITY OF DYER, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

to property on March 1st for unpaid taxes from the prior year's levy and they are considered delinquent at that date. Taxes uncollected by April 1st of the second year they are due are submitted to the Chancery Court for collection. Tax liens become perfected at the time the court enters judgment.

Inventories and Prepaid Items

Inventories are valued at lower of average cost or market, using the first-in/first-out (FIFO) method. The costs of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Restricted Assets

Certain proceeds of the City's proprietary fund bond issues, certain resources set aside for their repayment, and customer deposits are classified as restricted assets on the statement of net position because they are maintained in separate bank accounts and their use is limited by applicable bond covenants. The City's proprietary funds elect to use restricted assets before unrestricted assets when the situation arises where either can be used.

Capital Assets

Capital assets, including property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$0 for land and \$10,000 for buildings and infrastructure, \$5,000 for improvements other than buildings, and \$2,500 for equipment. All land, construction in progress, and works of art will be included. The Water and Sewer fund uses a threshold of \$100 and an estimated useful life in excess of five years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Capital assets of the City are depreciated using the straight line method over the following useful lives:

Buildings	30 - 40 years	Infrastructure	25 - 50 years
Improvements	30 - 40 years	Distribution plant	20 - 50 years
Machinery and equipment	5 - 20 years	General plant	20 - 50 years
Furniture and fixtures	10 years	Treatment plant	20 - 50 years

Compensated Absences

The City has established vacation and sick leave policies. According to the vacation policy, employees receive no paid vacation during the first year of employment, one week of paid vacation during the second through the fifth year of employment, two weeks annual paid vacation during the fifth through tenth year of employment and three weeks after ten years of employment. Except by prior approval, vacation leave must be taken by the end of the calendar year in which it is earned or sold back to the City. Upon separation, employees are entitled to be reimbursed for any unused vacation. All City employees accumulate one day of sick leave for each month of employment, which may be carried forward. However, the maximum, which may be accumulated, is 120 days.

CITY OF DYER, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Upon termination, employees are not reimbursed for unused sick leave; therefore, no accrual has been made.

Long-term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed in the year incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City currently has pension-related items that qualify for reporting in this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The City currently has property taxes and pension-related items that qualify for reporting in this category.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of Dyer's participation in the Public Employee Retirement Plan of the Tennessee Consolidated Retirement System (TCRS), and additions to/deductions from Dyer's' fiduciary net position have been determined on the same basis as they are reported by the TCRS for the Public Employee Retirement Plan. For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of the Public Employee Retirement Plan of TCRS. Investments are reported at fair value.

Unavailable/Unearned Revenue

Amounts that were receivable and measureable as of June 30, 2015, but were not available to finance expenditures for the year ended June 30, 2015 are considered to be unavailable revenues in the governmental funds. Revenue recognition is also postponed in connection with resources that have been received, but not yet earned (unearned revenue).

Encumbrances

Material encumbrances, if present at the end of a fiscal year, are recorded as an appropriation from fund balance for all governmental funds. When the expenditures are incurred, the encumbrances are restored to fund balance and the related expenditure is recorded in the appropriate expenditure account. Outstanding encumbrances at year-end are reported as reservations of fund balance

CITY OF DYER, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

since they do not constitute expenditures or liabilities. Material encumbrances outstanding at year-end are included as expenditures for the budgetary presentations. There were no material encumbrances outstanding at June 30, 2015.

Fund Equity

As prescribed by GASB Statement No.54, governmental funds report fund balance in classifications based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. Fund balance for governmental funds can consist of the following:

Nonspendable fund balance

This classification includes amounts that are (a) not in spendable form, or (b) legally or contractually required to be maintained intact. The "not in spendable form" criterion includes terms that are not expected to be converted to cash, for example: inventories, prepaid amounts, and long-term notes receivable.

Restricted fund balance

This classification includes amounts that are restricted for specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may effectively be changed or lifted with the consent of resource providers.

Committed fund balance

This classification includes amounts that can only be used for the specific purposes determined by a formal action of the City's highest level of decision-making authority, the Board of Aldermen of the City of Dyer, Tennessee. Commitments may be changed or lifted only by the City taking the same formal action that imposed the constraint originally (for example: ordinance).

Assigned fund balance

This classification included amounts intended to be used by the City for specific purposes that are neither restricted nor committed. The Board and its designee, the Recorder, have the authority to assign amounts to be used for specific purposes. Assigned amounts also include all residual amounts in governmental funds other than the general fund (except negative amounts) that are not classified as nonspendable, restricted, or committed.

Unassigned fund balance

This fund balance is the residual classification for the general fund. It is also used to report negative fund balances in other governmental funds.

In circumstances when an expenditure is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is depleted in the order of restricted, committed, assigned, and unassigned.

Government Wide – Net Position

Net position is a component of equity and is displayed in the following three components:

- Net Investment in Capital Assets – Consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds that are attributable to the acquisition, construction, or improvement of those assets; debt related to unspent proceeds or other restricted cash and investments is excluded from the determination.
- Restricted – Consists of net position for which constraints are placed thereon by external parties, such as lenders, grantors, contributors, laws, regulations, and enabling legislation,

CITY OF DYER, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

including self-imposed legal mandates, less any related liabilities. The restrictions are evident from the classification titles.

- Unrestricted – All other net position that does not meet the description of the above categories.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the City to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, deferred inflows of resources, and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Position

The reconciliation of the balance sheet of governmental funds to the statement of net position includes reconciliation between fund balance - total governmental funds and net position - governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains that “long-term liabilities, including notes and bonds payable, are not due and payable in the current period and therefore are not reported in the funds.” The details of this (\$370,668) are as follows:

Notes payable	\$ (268,913)
Net pension liability	(86,964)
Compensated absences	<u>(14,791)</u>
Net adjustment to reduce fund balances - total governmental funds to arrive at net position of governmental activities	<u><u>\$ (370,668)</u></u>

Another element of that reconciliation explains that there are “receivables not available to pay for current expenditures and, therefore, are unavailable/unearned in the funds.” The details of this \$56,427 are as follows:

Property taxes	\$ 53,335
Court fines	<u>3,092</u>
Total	<u><u>\$ 56,427</u></u>

B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-wide Statement of Activities

The reconciliation of the statement of revenues, expenditures, and changes in fund balances of governmental funds to the statement of activities includes a reconciliation between net changes in fund balances - total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that “governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense in the current period.” The details of this \$(27,830) difference are as follows:

CITY OF DYER, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Capital outlay meeting threshold criteria	\$ 107,108
Depreciation expense	<u>(134,938)</u>
Net adjustments to reduce net changes in fund balance - total governmental funds to arrive at changes in net position of governmental activities	<u>\$ (27,830)</u>

Another element of that reconciliation explains that there are certain liabilities in the statement of activities that do not provide current financial resources and are reported as expenses in the funds. The details of this \$97,238 are as follows:

Payment of capital lease	\$ 25,658
Payment of long-term debt principal	71,580
Total	<u>\$ 97,238</u>

Another element of that reconciliation explains that there are certain revenues in the statement of activities that do not provide current financial resources and are not reported as revenues in the funds. The details of this \$(8,986) are as follows:

Property tax revenue unavailable in the fund statements	\$ 3,588
Proceeds of equipment	(2,477)
GHS grant revenue unavailable in the fund statements	(4,747)
Court fine revenue unavailable in the fund statements	<u>(5,350)</u>
Total	<u>\$ (8,986)</u>

NOTE 3 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. These include the general fund and the special revenue funds. The Board of Aldermen approves and appropriates the budgets for these funds annually. All annual appropriations lapse at fiscal year end.

The City's policy is to not allow expenditures to exceed budgetary amounts at the total fund expenditure level without obtaining additional appropriation approval from the Board of Aldermen. This policy reflects the legal level of control at which expenditures may not exceed appropriations. As an extension of the budgetary process, the City Aldermen may transfer or appropriate additional funds for expenditures not anticipated at the time of budget adoption. These amendments are made in the form of legally adopted Board approvals. The City had budget amendments during the year.

During the year the City exceeded the budgeted expenditures in the state street aid fund and the solid waste fund by \$62,716 and \$8,503, respectively.

NOTE 4 - DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Investments were made up entirely of certificates of deposits with a maturity greater than three months for the fiscal year ended June 30, 2015.

CITY OF DYER, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Custodial Credit Risk

The City's policies limit deposits and investments to those instruments allowed by applicable state laws and described in Note 1. State statutes require that all deposits with financial institutions must be collateralized by securities whose market value is equal to 105% of the value of uninsured deposits. The deposits must be collateralized by federal depository insurance or the Tennessee Bank Collateral Pool, by collateral held by the City's agent in the City's name, or by the Federal Reserve Banks acting as third party agents. State statutes also authorize the City to invest in bonds, notes or treasury bills of the United States or any of its agencies, certificates of deposit at Tennessee state chartered banks and savings and loan associations and federally chartered banks and savings and loan associations, repurchase agreements utilizing obligations of the United States or its agencies as the underlying securities, and the state pooled investment fund. Statutes also require that securities underlying repurchase agreements must have a market value of at least equal to the amount of funds invested in the repurchase transaction. As of June 30, 2015, all bank deposits were fully collateralized or insured.

B. Receivables

Receivables as of the year end for the City's individual major funds and non-major funds in the aggregate, including the applicable allowances for uncollectible accounts are as follows:

	General	State Street Aid	Solid Waste	Sewer Department	Non-major funds	Total
Receivables:						
Property tax	\$512,752	\$ -	\$ -	\$ -	\$ -	\$512,752
Accounts	-	-	-	91,176	-	91,176
Accounts - court fines	23,730	-	-	-	-	23,730
Intergovernmental - grants	5,234	-	-	-	-	5,234
Intergovernmental - nongrants	102,768	11,326	-	-	-	114,094
Gross receivables	644,484	11,326	-	91,176	-	746,986
Less: allowance for uncollectibles	(20,638)	-	-	(4,493)	-	(25,131)
Net total receivables	<u>\$623,846</u>	<u>\$ 11,326</u>	<u>\$ -</u>	<u>\$ 86,683</u>	<u>\$ -</u>	<u>\$721,855</u>

Governmental funds report deferred inflows of resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, various components of deferred inflows of resources reported in the governmental funds were as follows:

	<u>Unavailable</u>	<u>Unearned</u>	<u>Total</u>
Court fines receivable	\$ 3,092	\$ -	\$ 3,092
Delinquent property taxes receivable	53,335	-	53,335
2015 property tax assessment	-	454,975	454,975
Total deferred inflows of resources	<u>\$ 56,427</u>	<u>\$454,975</u>	<u>\$ 511,402</u>

C. Capital Assets

Capital asset activity for the year ended June 30, 2015 was as follows:

CITY OF DYER, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

	Beginning Balance	Additions	Disposals	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated				
Construction in progress	\$ 134,902	\$ -	\$ 134,902	\$ -
Land	177,500	-	-	177,500
Total capital assets, not being depreciated	312,402	-	134,902	177,500
Capital assets, being depreciated				
Buildings and improvements	927,830	90,321	-	1,018,151
Infrastructures	140,377	-	-	140,377
Other capital assets	1,372,222	151,689	129,359	1,394,552
Total capital assets, being depreciated	2,440,429	242,010	129,359	2,553,080
Less accumulated depreciation for:				
Buildings and improvements	472,351	21,849	-	494,200
Infrastructures	22,446	7,563	-	30,009
Other capital assets	831,000	105,526	126,882	809,644
Total accumulated depreciation	1,325,797	134,938	126,882	1,333,853
Total capital assets, being depreciated, net	1,114,632	107,072	2,477	1,219,227
Governmental activities capital assets, net	\$ 1,427,034	\$ 107,072	\$ 137,379	\$ 1,396,727
	Beginning Balance	Additions	Disposals	Ending Balance
Business-type activities:				
Capital assets, not being depreciated				
Land	\$ 37,450	\$ -	\$ -	\$ 37,450
Construction in progress	54,526	-	54,526	-
Total capital assets, not being depreciated	91,976	-	54,526	37,450
Capital assets, being depreciated				
Distribution plant	1,862,277	-	-	1,862,277
General plant	172,941	67,490	6,195	234,236
Treatment plant	4,996,887	363,048	145,403	5,214,532
Total capital assets, being depreciated	7,032,105	430,538	151,598	7,311,045
Less accumulated depreciation for:				
Distribution plant	838,874	44,134	-	883,008
General plant	128,676	13,641	6,195	136,122
Treatment plant	2,941,261	114,672	143,382	2,912,551
Total accumulated depreciation	3,908,811	172,447	149,577	3,931,681
Total capital assets, being depreciated, net	3,123,294	258,091	2,021	3,379,364
Business-type activities capital assets, net	\$ 3,215,270	\$ 258,091	\$ 56,547	\$ 3,416,814

CITY OF DYER, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:

General government	
Financial administration	\$ 11,689
Senior citizens	4,676
Public safety	
Police	37,254
Fire	45,461
Public works	
Street department	9,142
Health, culture, recreation and welfare	
Parks	26,716
Total depreciation expense - governmental activities	<u>134,938</u>

Business-type activities:

Water and sewer charged to operations	<u>172,447</u>
---------------------------------------	----------------

Total depreciation	<u><u>\$ 307,385</u></u>
--------------------	--------------------------

D. Long-term Debt

Governmental activity long-term debt is comprised of capital outlay note payable, series 2009 payable monthly with an interest rate of 3.25%. The proceeds from this capital outlay note were used to construct a new fire station.

Governmental activity long-term debt is also comprised of a capital outlay note payable, series 2013 payable annually with an interest rate of 4.00%. The proceeds from this capital outlay note were used to renovate City Hall.

Governmental activity long-term debt is also comprised of a capital outlay note payable, series 2013 payable annually with an interest rate of 4.00%. The proceeds from this capital outlay note were used to purchase new patrol cars.

Business-type activities long term debt is comprised of water and sewer revenue and tax bonds to Farmer's Home Administration, series 2002, with an interest rate of 4.25%. These bonds were issued to finance the construction of improvements and extensions to the water and sewer system. The bonds are to be repaid from water and sewer revenues first and the taxing authority of the City if necessary. The Water and Sewer Fund is compelled by the bond document to review rates charged to customers to ascertain that they are sufficient to repay the bonds.

Business-type activities long-term debt is also comprised of water and sewer revenue and tax bonds to USDA, Series 2010, with an interest rate of 3.25%. These bonds were issued to finance the construction of improvements and extensions to its water and sewer system. The bonds are to be repaid from water and sewer revenues first and the taxing authority of the City if necessary. The Water and Sewer Fund is compelled by the bond document to review rates charged to customers to ascertain that they are sufficient to repay the bonds.

The City complied with all significant debt covenants and restrictions.

CITY OF DYER, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

General long-term debt at June 30, 2015 is summarized as follows:

Note payable:

Capital outlay note, series 2009, due annually with an interest rate of 3.25%	100,451
Capital outlay note, series 2013, due annually with an interest rate of 4.00%	61,152
Capital outlay note, series 2013, due annually with an interest rate of 4.00%	80,272
Capital lease, 12/26/06, due in annual installments for the lease purchase of a fire truck	<u>27,038</u>
Total general long-term debt	<u>268,913</u>

Long-term debt of the enterprise fund at June 30, 2015 is summarized as follows:

Revenue and Tax bonds:

Water and sewer revenue and tax bonds, series 2002, interest at 4.25%, due serially through 2042	418,813
Water and sewer revenue and tax bonds, series 2010, interest at 3.25%, due serially through 2050	<u>327,850</u>
Total enterprise fund long-term debt	<u>746,663</u>
Total long-term debt	<u><u>\$ 1,015,576</u></u>

The annual requirements to amortize all long-term debt and obligations outstanding, including capital leases, excluding compensated absences, as of June 30, 2015, including interest payments of \$494,505 are as follows:

Year ended June 30,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2016	81,962	10,463	14,114	28,258
2017	57,017	6,915	14,720	27,652
2018	59,184	4,749	15,303	27,069
2019	32,514	2,490	15,908	26,464
2020	16,857	1,299	16,494	25,878
2021-2025	21,379	924	93,013	118,847
2026-2030	-	-	113,025	98,835
2031-2035	-	-	137,418	74,442
2036-2040	-	-	167,167	44,693
2041-2045	-	-	92,578	17,240
2046-2050	-	-	66,923	5,127
Total	<u>\$ 268,913</u>	<u>\$ 26,840</u>	<u>\$ 746,663</u>	<u>\$ 494,505</u>

The following is a summary of long-term debt transactions for the year ended June 30, 2015:

CITY OF DYER, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

	Beginning Balance	Additions	Retirements	Ending Balance	Current Portion
Governmental activities:					
Notes	\$ 313,455	\$ -	\$ 71,580	\$ 241,875	\$ 54,924
Capital lease	52,696	-	25,658	27,038	27,038
Compensated absences	12,895	14,791	12,895	14,791	14,791
Net pension liability	-	160,295	73,331	86,964	-
Business-type activities:					
Enterprise fund:					
Revenue and tax bonds	760,544	-	13,881	746,663	14,114
Compensated absences	4,645	5,683	4,645	5,683	5,683
Net pension liability	-	75,082	34,397	40,685	-
Total	<u>\$ 1,144,235</u>	<u>\$ 255,851</u>	<u>\$ 236,387</u>	<u>\$ 1,163,699</u>	<u>\$ 116,550</u>

In the governmental funds, the general fund is used to liquidate compensated absences and the net pension liability.

E. Capital Lease

In December of 2006, the City entered into a lease for a new fire truck that expires in 2016. Future minimum lease payments under the capital lease are as follows:

Year ended June 30,	Principal	Interest	Total
2016	<u>\$ 27,038</u>	<u>\$ 1,455</u>	<u>\$ 28,493</u>

F. Restricted Net Position

Net position is restricted in the governmental-wide statements as follows:

State Street Aid	\$ 148,961
Drug	5,305
Solid Waste	13,924
Debt Service	125,000
Total	<u>\$ 293,190</u>

CITY OF DYER, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

G. Interfund Receivables and Payables

Receivable Fund	Payable Fund	Amount
General	Water and Sewer	\$ 4,472
Water and Sewer	General	13,208
General	Drug	400
Solid Waste	General	161
General	CDBG	25,178
Water and Sewer	CDBG	11,514
Solid Waste	Water and Sewer	21,564
Total		<u>76,497</u>
Governmental activities eliminated		25,739
Business-type activities eliminated		-
Ending balance between government, business-type, and fiduciary activities		<u><u>\$ 50,758</u></u>

The outstanding balances between funds result from (1) payments made by one fund for another fund that have not been reimbursed as of the year end, and (2) revenues that are collected by one fund for another fund. All interfund receivables listed above will be paid within the next fiscal year.

NOTE 5 - OTHER INFORMATION

A. Risk Management

The City is exposed to various risks of losses related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City decided it was more economically feasible to join a public entity risk pool as opposed to purchasing commercial insurance for general liability, auto liability, errors and omissions and auto physical damage coverage. The City joined the Tennessee Municipal League Risk Pool (Pool), which is a public entity risk pool established in 1979 by the Tennessee Municipal League. The City pays annual premiums to the Pool for its policies. The Pool provides the specified coverage and pays all claims from its member premiums charged or through its reinsurance policies. The City's premiums are calculated based on its prior claims history. Settled claims have not exceeded this commercial coverage or the coverage provided by the Pool in any of the past three years. There was no significant reduction in insurance coverage during the year.

B. Contingent Liabilities and Losses

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal and state governments. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantors cannot be determined at this time although the City's management expects such amounts, if any, to be immaterial.

C. Employee Retirement Systems and Pension Plans

Plan Description

Employees of Dyer are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The TCRS was created by state statute under Tennessee Code Annotated Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the TCRS. The

CITY OF DYER, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publically available financial report that can be obtained at www.treasury.tn.gov/tcrs.

Benefits Provided

Tennessee Code Annotated Title 8, Chapters 34-37 establishes the benefit terms and can be amended only by the Tennessee General Assembly. The chief legislative body may adopt the benefit terms permitted by statute. Members are eligible to retire with an unreduced benefit at age 60 with 5 years of service credit or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. Reduced benefits for early retirement are available at age 55 and vested. Members vest with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced 10 percent and include projected service credits. A variety of death benefits are available under various eligibility criteria.

Member and beneficiary annuitants are entitled to automatic cost of living adjustments (COLAs) after retirement. A COLA is granted each July for annuitants retired prior to the 2nd of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at 3 percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest.

Employees Covered by Benefit Terms

At the measurement date of June 30, 2014, the following employees were covered by the benefit terms:

Active employees	17
Inactive employees or beneficiaries currently receiving benefits	5
Inactive employees entitled to but not yet receiving benefits	13
Total employees covered by the Plan	<hr/> 35

Contributions

Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees contribute 5 percent of salary. Dyer makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2015, employer contributions for Dyer were \$41,208 based on a rate of 7.04% percent of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept Dyer's state shared taxes if required employer contributions are not remitted. The employer's actuarially determined contribution (ADC) and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Net Pension Liability

Dyer's net pension liability (asset) was measured as of June 30, 2014, and the total pension liability used to calculate net pension liability (asset) was determined by an actuarial valuation as of that date.

CITY OF DYER, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Actuarial Assumptions

The total pension liability as of June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	Graded salary ranges from 8.97 to 3.71 percent based on age, including inflation, averaging 4.25 percent
Investment rate of return	7.5 percent, net of pension plan investment expenses, including inflation
Cost-of-living adjustment	2.5 percent

Mortality rates were based on actual experience from the June 30, 2012 actuarial experience study adjusted for some of the expected future improvement in life expectancy.

The actuarial assumptions used in the June 30, 2014 actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2008 through June 30, 2012. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2012 actuarial experience study by considering the following three techniques: (1) the 25-year historical return of the TCRS at June 30, 2012, (2) the historical market returns of asset classes from 1926 to 2012 using the TCRS investment policy asset allocation, and (3) capital market projections that were utilized as a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. Four sources of capital market projections were blended and utilized in the third technique. The blended capital market projection established the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding inflation of 3 percent. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
U.S. equity	6.46%	33%
Developed market international equity	6.26%	17%
Emerging market international equity	6.40%	5%
Private equity and strategic lending	4.61%	8%
U.S. fixed income	0.98%	29%
Real estate	4.73%	7%
Short-term securities	0.00%	1%
		100%

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.5 percent based on a blending of the three factors described above.

Discount Rate

The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current rate and that contributions from Dyer will be made at the actuarially determined

CITY OF DYER, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

	Increase (Decrease)		
	Total pension liability (TPL)	Plan fiduciary net position	Net pension liability (NPL)
	(a)	(b)	(a)-(b)
Balances as of 6/30/2013	\$ 843,286	\$ 661,702	\$ 181,584
Changes for the year:			
Service Cost	52,774	-	52,774
Interest	66,145	-	66,145
Difference between expected and actual experience	13,401	-	13,401
Contributions - employer	-	41,733	(41,733)
Contributions - employee	-	29,473	(29,473)
Net investment income	-	115,719	(115,719)
Benefit payments, including refunds of employee contributions	(28,255)	(28,255)	-
Administrative expenses	-	(670)	670
Other	-	-	-
Net changes	<u>104,065</u>	<u>158,000</u>	<u>(53,935)</u>
Balances as of 6/30/2014	<u>\$ 947,351</u>	<u>\$ 819,702</u>	<u>\$ 127,649</u>

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate

The following presents the net pension liability (asset) of Dyer calculated using the discount rate of 7.5 percent, as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate:

	1% Decrease	Current Rate	1% Increase
Interest Rate	6.50%	7.50%	8.50%
Net pension liability	281,548	127,649	2,705

Pension Expense

For the year ended June 30, 2015, Dyer recognized pension expense of \$27,491.

Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended June 30, 2015, Dyer reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

CITY OF DYER, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 11,913	\$ -
Net difference between projected and actual earnings on pension plan investments	-	51,605
Contributions subsequent to the measurement date of June 30, 2014	41,208	-
Total	<u>\$ 53,121</u>	<u>\$ 51,605</u>

The amount shown above for “contributions subsequent to the measurement date of June 30, 2014,” will be recognized as a reduction (increase) to net pension liability (asset) in the following measurement period.

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending June 30,	Amortized
2016	(11,412)
2017	(11,412)
2018	(11,412)
2019	(11,412)
2020	1,489
Thereafter	4,467

In the table shown above, positive amounts will increase pension expense while negative amounts will decrease pension expense.

Payable to the Pension Plan

At June 30, 2015, Dyer reported a payable of \$6,672 for the outstanding amount of contributions to the pension plan required at the year ended June 30, 2015.

D. Restatement of Beginning Net Position – GASB Statement No. 68 and 71 Implementation

As of July 1, 2014, a restatement of beginning net position was made for net pension liability and deferred outflows related to the City implementing GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB Statement No. 68*. The implementation of GASB Statements No. 68 and 71 resulted in the City restating net position by \$95,197 in the governmental activities and \$44,654 in the business-type activities and proprietary fund financial statements with a measurement date of June 30, 2014. The net effect of this restatement of beginning net position resulted in a decrease in the July 1, 2014 net position in the amount of \$139,851.

E. Prior Period Adjustment

As of July 1, 2014, a prior period adjustment was made in the general fund, solid waste fund, and the water and sewer fund in order to adjust accounts payable to their actual balances. This prior period adjustment increased the beginning net position and fund balances by \$34,313.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF DYER TENNESSEE
SCHEDULE OF CHANGES IN DYER'S NET PENSION LIABILITY (ASSET) AND RELATED
RATIOS BASED ON PARTICIPATION IN THE PUBLIC EMPLOYEE PENSION PLAN OF TCRS
Last Fiscal Year Ending June 30

	<u>2014</u>
Total pension liability	
Service cost	\$ 52,774
Interest	66,145
Changes in benefit terms	-
Difference between actual & expected experience	13,401
Change of assumptions	-
Benefit payments, including refunds of employee contributions	<u>(28,255)</u>
Net change in total pension liability	104,065
Total pension liability - beginning	<u>843,286</u>
Total pension liability - ending (a)	<u><u>\$ 947,351</u></u>
 Plan fiduciary net position	
Contributions - employer	\$ 41,733
Contributions - employee	29,473
Net investment income	115,719
Benefit payments, including refunds of employee contributions	(28,255)
Administrative expense	<u>(670)</u>
Net change in plan fiduciary net position	158,000
Plan fiduciary net position - beginning	<u>661,702</u>
Plan fiduciary net position - ending (b)	<u><u>\$ 819,702</u></u>
 Net Pension Liability (Asset) - ending (a) - (b)	<u><u>\$ 127,649</u></u>
 Plan fiduciary net position as a percentage of total pension liability	86.53%
 Covered - employee payroll	\$ 589,450
 Net pension liability (asset) as a percentage of covered-employee payroll	21.66%

This is a 10-year schedule; however the information in this schedule is not required to be presented retroactively.
Years will added to this schedule in future fiscal years until 10 years of information is available.

See independent auditor's report.

CITY OF DYER TENNESSEE
SCHEDULE OF DYER'S CONTRIBUTIONS
BASED ON PARTICIPATION IN THE PUBLIC EMPLOYEE PENSION PLAN OF TCRS
Last Fiscal Year Ending June 30

	<u>2014</u>	<u>2015</u>
Actuarially determined contribution	\$ 41,733	\$ 41,208
Contributions in relation to the actuarially determined contributions	<u>41,733</u>	<u>41,208</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>
Covered-employee payroll	\$ 589,450	\$ 584,997
Contributions as a percentage covered-employee payroll	7.08%	7.04%

This is a 10-year schedule; however, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

See independent auditor's report.

CITY OF DYER TENNESSEE
SCHEDULE OF NOTES TO PENSION REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2015

Notes to Schedule:

Valuation Date: Actuarially determined contribution rates for 2015 were calculated based on the July 1, 2013 actuarial valuation.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Frozen initial liability
Amortization method	Level dollar, closed (not to exceed 20 years)
Remaining amortization period	12 years
Asset valuation	10-year smoothed within a 20 percent corridor to market value
Inflation	3.0 percent
Salary increases	Graded salary ranges from 8.97 to 3.71 percent based on age, including inflation, averaging 4.25 percent
Investment rate of return	7.5 percent, net of investment expense, including inflation
Retirement age	Pattern of retirement determined by experience study
Mortality	Customized table based on actual experience including an adjustment for some anticipated improvement
Cost of living adjustments	2.5 percent

SUPPLEMENTARY AND OTHER INFORMATION SECTION

**CITY OF DYER, TENNESSEE
COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS**
June 30, 2015

	<u>Special Revenue Fund Drug Fund</u>	<u>CDBG Fund</u>	<u>Total</u>
Assets			
Cash and cash equivalents	\$ 5,660	\$ 36,692	\$ 42,352
Prepaid insurance	45	-	45
Total assets	<u><u>5,705</u></u>	<u><u>36,692</u></u>	<u><u>42,397</u></u>
Liabilities and Fund Balances			
Liabilities			
Due to other funds	<u>400</u>	<u>36,692</u>	<u>37,092</u>
Fund balances			
Nonspendable	45	-	45
Restricted - drug enforcement	<u>5,260</u>	<u>-</u>	<u>5,260</u>
Total fund balances	<u>5,305</u>	<u>-</u>	<u>5,305</u>
Total liabilities and fund balances	<u><u>\$ 5,705</u></u>	<u><u>\$ 36,692</u></u>	<u><u>\$ 42,397</u></u>

See independent auditor's report.

**CITY OF DYER, TENNESSEE
OTHER GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
For the Fiscal Year Ended June 30, 2015**

	Special Revenue Fund		
	Drug Fund	CDBG Fund	Total
Revenues			
Charges for services:			
Fines	\$ 695	\$ -	\$ 695
Other:			
Interest earned	10	-	10
Donations	561	-	561
Cash seizure	226	-	226
Total other revenue	797	-	797
Total revenues	1,492	-	1,492
Expenses			
Current:			
Public safety:			
Police:			
Miscellaneous	400	-	400
Net changes in fund balance	1,092	-	1,092
Fund balance - beginning	4,213	-	4,213
Fund balance - ending	\$ 5,305	\$ -	\$ 5,305

See independent auditor's report.

CITY OF DYER, TENNESSEE
DRUG FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2015

	<u>Budgeted Amounts</u>			<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Final Budget</u>
Revenues				Over (Under)
Charges for services:				
Fines	\$ 1,500	\$ 1,500	\$ 695	\$ (805)
Other:				
Interest earned	-	-	10	10
Donations	-	-	561	561
Cash seizure	-	-	226	226
	-	-	797	797
Total revenues	1,500	1,500	1,492	(8)
Expenditures				
Current:				
Public safety:				
Police:				
Confidential investigations	1,000	1,000	-	(1,000)
Miscellaneous	500	500	400	(100)
Total expenditures	1,500	1,500	400	(1,100)
Excess (deficiency) of revenues				
over (under) expenditures	\$ -	\$ -	1,092	\$ 1,092
Fund balance - beginning			4,213	
Fund balance - ending			\$ 5,305	

See independent auditor's report.

CITY OF DYER, TENNESSEE
SCHEDULE OF INVESTMENTS
June 30, 2015

<u>Description</u>	<u>Maturity</u>	<u>Yield</u>	<u>Cost</u>	<u>Fair Value</u>
General Fund				
Certificates of Deposit				
Farmers and Merchants Bank	10/15/2015	0.35%	<u>\$ 20,000</u>	<u>\$ 20,000</u>
Water and Sewer Fund				
Certificates of Deposit				
Farmers and Merchants Bank	8/29/2015	0.60%	150,000	150,000
Farmers and Merchants Bank	6/20/2016	0.45%	45,900	45,900
Farmers and Merchants Bank	6/20/2016	0.45%	45,900	45,900
Farmers and Merchants Bank	6/20/2016	0.45%	<u>33,200</u>	<u>33,200</u>
			<u>275,000</u>	<u>275,000</u>
Total Investments			<u>\$ 295,000</u>	<u>\$ 295,000</u>

See independent auditor's report.

CITY OF DYER, TENNESSEE
SCHEDULE OF CHANGES IN PROPERTY TAXES RECEIVABLE
For the Fiscal Year Ended June 30, 2015

Tax Levy for Year	Tax Rate	Tax Levy	Beginning Outstanding Taxes	Additions and Adjustments	Collections	Ending Outstanding Taxes	Delinquent Taxes Filed In Chancery Court
2014	1.74	462,901.17	-	468,515	433,018	35,497	-
2013	1.69	458,473.09	30,380	-	21,333	9,047	-
2012	1.69	441,719.63	10,619	-	5,732	4,887	-
2011	1.69	463,176.58	4,038	-	905	3,133	-
2010	1.69	449,867.72	1,902	-	138	1,764	1,764
2009	1.69	448,853.83	1,459	-	133	1,326	1,326
2008	1.85	446,536.98	1,726	-	275	1,451	1,451
2007	1.75	417,927.84	583	-	178	405	405
2006	1.65	385,922.99	172	-	-	172	172
2005	1.60	378,465.78	97	-	-	97	97
2004	1.55	365,438.83	94	(55)	39	-	-
			<u>\$ 51,070</u>	<u>\$ 468,460</u>	<u>\$ 461,751</u>	<u>\$ 57,779</u>	<u>\$ 5,215</u>

Above balances represented as follows:

Considered current receivables	\$ 4,442
Unavailable revenue	<u>53,335</u>
	57,777
2015 tax levy due October 1, 2015 considered as unavailable revenue	<u>454,975</u>
Total taxes receivable	<u>\$ 512,752</u>

See independent auditor's report.

CITY OF DYER, TENNESSEE
SCHEDULE OF WATER AND SEWER RATES IN FORCE
June 30, 2015

(Based on monthly consumption)

	Water	Sewer
Residential	\$14.40 / Month .27 per 100 gallons	\$10.25 / Month .39 per 100 gallons
Commercial	\$15.40 / Month .27 per 100 gallons	

For out-of-town water customers, there is an additional \$2.00 charge per commercial customer and an additional \$2.00 charge per residential customer.

All industrial and commercial sewer users of the system shall be subject to negotiation provided in the sewer use ordinance.

The minimum monthly bills shall be determined by the size of the meter in service as follows:

	Water	Sewer
Number of Customers	1,026	979

See independent auditor's report.

CITY OF DYER, TENNESSEE
SCHEDULE OF UNACCOUNTED FOR WATER - UNAUDITED
June 30, 2015

AWWA Free Water Audit Software: Reporting Worksheet				WAS v5.0 American Water Works Association Copyright © 2014. All Rights Reserved.
<div style="display: flex; justify-content: space-between;"> <div> <div style="border: 1px solid black; padding: 2px; margin-bottom: 2px;">? Click to access definition</div> <div style="border: 1px solid black; padding: 2px;">+ Click to add a comment</div> </div> <div> Water Audit Report for: City of Dyer (0000209) Reporting Year: 2015 7/2014 - 6/2015 </div> </div>				
Please enter data in the white cells below. Where available, metered values should be used; if metered values are unavailable please estimate a value. Indicate your confidence in the accuracy of the input data by grading each component (n/a or 1-10) using the drop-down list to the left of the input cell. Hover the mouse over the cell to obtain a description of the grades.				
All volumes to be entered as: MILLION GALLONS (US) PER YEAR				
To select the correct data grading for each input, determine the highest grade where the utility meets or exceeds all criteria for that grade and all grades below				
WATER SUPPLIED <div style="display: flex; justify-content: space-between;"> <div> Volume from own sources: + ? 9 77.712 MG/Yr Water imported: + ? n/a 0.000 MG/Yr Water exported: + ? n/a 0.000 MG/Yr </div> <div style="text-align: right;"> Enter grading in column 'E' and 'J' </div> </div>		Master Meter and Supply Error Adjustments <div style="display: flex; justify-content: space-between;"> <div> Pcnt: + ? 7 -0.50% MG/Yr Value: + ? 0.000 MG/Yr Value: + ? 0.000 MG/Yr </div> <div style="text-align: right;"> Enter negative % or value for under-registration Enter positive % or value for over-registration </div> </div>		
WATER SUPPLIED:		78.103 MG/Yr		
AUTHORIZED CONSUMPTION Billed metered: + ? 9 53.498 MG/Yr Billed unmetered: + ? n/a 0.000 MG/Yr Unbilled metered: + ? n/a 0.000 MG/Yr Unbilled unmetered: + ? 0.976 MG/Yr Default option selected for Unbilled unmetered - a grading of 5 is applied but not displayed				
AUTHORIZED CONSUMPTION:		54.474 MG/Yr		
WATER LOSSES (Water Supplied - Authorized Consumption)		23.628 MG/Yr		
Apparent Losses Unauthorized consumption: + ? 0.195 MG/Yr Default option selected for unauthorized consumption - a grading of 5 is applied but not displayed Customer metering inaccuracies: + ? 7 1.655 MG/Yr Systematic data handling errors: + ? 0.134 MG/Yr Default option selected for Systematic data handling errors - a grading of 5 is applied but not displayed Apparent Losses: ? 1.984 MG/Yr				
Real Losses (Current Annual Real Losses or CARL) Real Losses = Water Losses - Apparent Losses: ? 21.645 MG/Yr				
WATER LOSSES:		23.628 MG/Yr		
NON-REVENUE WATER NON-REVENUE WATER: ? 24.606 MG/Yr = Water Losses + Unbilled Metered + Unbilled Unmetered				
SYSTEM DATA Length of mains: + ? 7 30.0 miles Number of active AND inactive service connections: + ? 9 1,241 Service connection density: ? 41 conn./mile main Are customer meters typically located at the curbside or property line? ? Yes (length of service line, beyond the property boundary, that is the responsibility of the utility) Average length of customer service line: + ? 0.000 miles Average length of customer service line has been set to zero and a data grading score of 10 has been applied Average operating pressure: + ? 7 45.0 psi				
COST DATA Total annual cost of operating water system: + ? 9 \$352,063 \$/Year Customer retail unit cost (applied to Apparent Losses): + ? 9 \$6.60 \$/1000 gallons (US) Variable production cost (applied to Real Losses): + ? 9 \$559.78 \$/Million gallons <input type="checkbox"/> Use Customer Retail Unit Cost to value real losses				
WATER AUDIT DATA VALIDITY SCORE: <div style="border: 2px solid red; padding: 5px; text-align: center; color: red; font-weight: bold;">*** YOUR SCORE IS: 83 out of 100 ***</div> A weighted scale for the components of consumption and water loss is included in the calculation of the Water Audit Data Validity Score				
PRIORITY AREAS FOR ATTENTION: Based on the information provided, audit accuracy can be improved by addressing the following components:				
1: Volume from own sources				
2: Unauthorized consumption				
3: Systematic data handling errors				

CITY OF DYER, TENNESSEE
SCHEDULE OF UNACCOUNTED FOR WATER - UNAUDITED
June 30, 2015

AWWA Free Water Audit Software: System Attributes and Performance Indicators		WAS v5.0 American Water Works Association Copyright © 2014. All Rights Reserved
Water Audit Report for: City of Dyer (0000209)		
Reporting Year: 2015 7/2014 - 6/2015		
*** YOUR WATER AUDIT DATA VALIDITY SCORE IS: 83 out of 100 ***		
System Attributes:		
	Apparent Losses:	1.904 MG/Yr
	+ Real Losses:	21.645 MG/Yr
	= Water Losses:	23.628 MG/Yr
	Unavoidable Annual Real Losses (UARL):	See limits in definition MG/Yr
	Annual cost of Apparent Losses:	\$13,092
	Annual cost of Real Losses:	\$12,116
		Valued at Variable Production Cost <small>Return to Reporting Worksheet to change this assumption</small>
Performance Indicators:		
Financial:	Non-revenue water as percent by volume of Water Supplied:	31.5%
	Non-revenue water as percent by cost of operating system:	7.3% Real Losses valued at Variable Production Cost
Operational Efficiency:	Apparent Losses per service connection per day:	4.38 gallons/connection/day
	Real Losses per service connection per day:	47.78 gallons/connection/day
	Real Losses per length of main per day*:	N/A
	Real Losses per service connection per day per psi pressure:	1.06 gallons/connection/day/psi
	From Above, Real Losses = Current Annual Real Losses (CARL):	21.64 million gallons/year
	Infrastructure Leakage Index (ILI) [CARL/UARL]:	
* This performance indicator applies for systems with a low service connection density of less than 32 service connections/mile of pipeline		

CITY OF DYER, TENNESSEE
SCHEDULE OF PRINCIPAL AND INTEREST REQUIREMENTS
GOVERNMENTAL FUNDS
June 30, 2015

Year Ended June 30,	Capital Outlay Note Series 2009 (Fire Station)		Capital Outlay Note Series 2013 (CH Renov.)		Capital Outlay Note Series 2013 (Police Cars)		Capital Lease		Total Requirements	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2016	14,805	3,351	14,402	2,446	25,717	3,211	27,038	1,455	81,962	10,463
2017	15,293	2,863	14,978	1,870	26,746	2,182	-	-	57,017	6,915
2018	15,798	2,359	15,577	1,271	27,809	1,119	-	-	59,184	4,749
2019	16,319	1,837	16,195	653	-	-	-	-	32,514	2,490
2020	16,857	1,299	-	-	-	-	-	-	16,857	1,299
2021	17,413	743	-	-	-	-	-	-	17,413	743
2022	3,966	181	-	-	-	-	-	-	3,966	181
	<u>\$ 100,451</u>	<u>\$ 12,633</u>	<u>\$ 61,152</u>	<u>\$ 6,240</u>	<u>\$ 80,272</u>	<u>\$ 6,512</u>	<u>\$ 27,038</u>	<u>\$ 1,455</u>	<u>\$ 268,913</u>	<u>\$ 26,840</u>

See independent auditor's report.

CITY OF DYER, TENNESSEE
SCHEDULE OF LONG-TERM DEBT
PROPRIETARY FUND
June 30, 2015

Year Ended June 30,	Revenue & Tax Bonds		Revenue and Tax Bond Interim Certificate of Indebtedness Series 2010		Total Requirements		
	Series 2002						
	Principal	Interest	Principal	Interest	Principal	Interest	Total
2016	8,890	17,690	5,224	10,568	14,114	28,258	42,372
2017	9,324	17,256	5,396	10,396	14,720	27,652	42,372
2018	9,729	16,851	5,574	10,218	15,303	27,069	42,372
2019	10,150	16,430	5,758	10,034	15,908	26,464	42,372
2020	10,546	16,034	5,948	9,844	16,494	25,878	42,372
2021	11,047	15,533	6,145	9,647	17,192	25,180	42,372
2022	11,526	15,054	6,347	9,445	17,873	24,499	42,372
2023	12,025	14,555	6,557	9,235	18,582	23,790	42,372
2024	12,508	14,072	6,773	9,019	19,281	23,091	42,372
2025	13,089	13,491	6,996	8,796	20,085	22,287	42,372
2026	13,656	12,924	7,227	8,565	20,883	21,489	42,372
2027	14,248	12,332	7,466	8,326	21,714	20,658	42,372
2028	14,833	11,747	7,712	8,080	22,545	19,827	42,372
2029	15,508	11,072	7,966	7,826	23,474	18,898	42,372
2030	16,180	10,400	8,229	7,563	24,409	17,963	42,372
2031	16,881	9,699	8,500	7,292	25,381	16,991	42,372
2032	17,588	8,992	8,781	7,011	26,369	16,003	42,372
2033	18,375	8,205	9,071	6,721	27,446	14,926	42,372
2034	19,171	7,409	9,370	6,422	28,541	13,831	42,372
2035	20,002	6,578	9,679	6,113	29,681	12,691	42,372
2036	20,854	5,726	9,998	5,794	30,852	11,520	42,372
2037	21,773	4,807	10,328	5,464	32,101	10,271	42,372
2038	22,716	3,864	10,669	5,123	33,385	8,987	42,372
2039	23,701	2,879	11,021	4,771	34,722	7,650	42,372
2040	24,723	1,857	11,384	4,408	36,107	6,265	42,372
2041	25,799	781	11,760	4,032	37,559	4,813	42,372
2042	3,971	307	12,148	3,644	16,119	3,951	20,070
2043	-	-	12,548	3,244	12,548	3,244	15,792
2044	-	-	12,962	2,830	12,962	2,830	15,792
2045	-	-	13,390	2,402	13,390	2,402	15,792
2046	-	-	13,832	1,960	13,832	1,960	15,792
2047	-	-	14,288	1,504	14,288	1,504	15,792
2048	-	-	14,759	1,033	14,759	1,033	15,792
2049	-	-	15,246	546	15,246	546	15,792
2050	-	-	8,798	84	8,798	84	8,882
	<u>\$ 418,813</u>	<u>\$ 276,545</u>	<u>\$ 327,850</u>	<u>\$ 217,960</u>	<u>\$ 746,663</u>	<u>\$ 494,505</u>	<u>\$ 1,241,168</u>

See independent auditor's report.

CITY OF DYER, TENNESSEE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2015

	<u>CFDA Number</u>	<u>State Grant Number</u>	<u>Expenditures</u>
Department of Transportation			
Passed through the Tennessee Department of Transportation			
National Highway Safety Traffic Administration (NHSA) -			
State and Community Highway Safety/High Visibility Law Enforcement Campaigns Grant	20.600	Z14GHS107	\$ 240
Alcohol Open Container Requirements	20.607	Z15GHS109	<u>4,844</u>
Department of Homeland Security/Federal Emergency Management Agency			
Assistance to Firefighters Grant Program	97.044	EMW-2010-FO-02790	<u>4,024</u>
Department of Housing and Urban Development			
Passed through the Tennessee Department of Economic and Community Development			
Community Development Block Grant	14.228	Edison ID 35617	53,243
Community Development Block Grant	14.228	Edison ID 4071	<u>271,925</u>
			<u>325,168</u>
Home Investment Partnerships Program	14.239	HM-12-10	<u>1,500</u>
U.S. Department of Defense			
Passed through the State of Tennessee			
Section 1033 Excess Property Program	12.000	unknown	<u>1,229</u>
 Total Federal Awards			 <u><u>\$ 337,005</u></u>

All expenditures reported are under the modified accrual basis of accounting; whereby, revenues are recorded when measurable and available and expenditures are recorded when the related liability is incurred.

See independent auditor's report.

INTERNAL CONTROL AND COMPLIANCE SECTION

Members of:

American Institute of Certified Public Accountants
AICPA Center for Public Company Audit Firms
AICPA Governmental Audit Quality Center
AICPA Employee Benefit Plan Audit Quality Center
Tennessee Society of Certified Public Accountants
Kentucky Society of Certified Public Accountants



Certified Public Accountants
Offices in Tennessee & Kentucky

227 Oil Well Rd.
Jackson, TN 38305

Phone 731.427.8571
Fax 731.424.5701
www.atacpa.net

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards

Honorable Chris Younger, Mayor
Members of the Board of Aldermen
City of Dyer, Tennessee

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Dyer, Tennessee (the City), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated January 15, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control described in the accompanying schedule of findings and recommendations as item 2015-001 that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Governmental Auditing Standards* and which is described in the accompanying schedule of findings and recommendations as 2015-002.

In addition, we noted other matters involving the internal control and its operation that we reported to management of the City in a separate letter dated January 15, 2016.

City of Dyer's Response to Findings

City of Dyer's response to the findings identified in our audit is described in the accompanying schedule of findings and recommendations. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Alexander Thompson Arnold PLLC

Jackson, Tennessee
January 15, 2016

CITY OF DYER, TENNESSEE
SCHEDULE OF FINDINGS AND RECOMMENDATIONS – CURRENT YEAR
June 30, 2015

Current Year Findings

2015-001 Segregation of Duties (Significant Deficiency)

Condition: One employee has the responsibility of taking cash receipts, preparing deposits, and reconciling bank statements.

Criteria: The employee is responsible for taking cash receipts and preparing daily deposits, thus, should not have the ability to reconcile bank statements.

Effect: This exposes the City to a greater risk of fraud, loss, and undetected error.

Recommendation: We recommend that the employee taking cash receipts and preparing deposits not be allowed to reconcile the bank statements.

Response: The City is aware of the segregation of duties issues. The City will continue to use best practices available with the limited staff and continue to identify ways to improve segregation of duties. The current budget includes appropriations to employ an additional clerk.

2015-002 Budget Amendments (Noncompliance and Other Matters)

Condition: During the year ended June 30, 2015, actual expenditures exceed final budgeted amounts in total within the state street aid fund and the solid waste fund by \$62,716 and \$8,503, respectively.

Criteria: Tennessee Code Annotated (TCA) 6-56-203 states, "notwithstanding any other law, no municipality may expend any moneys regardless of their source, including moneys derived from bond and long-term note proceeds, federal, state or private grants or loans, or special assessments, except in accordance with a budget ordinance adopted under this section."

Effect: The City has made expenses not legally approved in accordance with state statute.

Recommendation: We recommend the City carefully monitor its budget each month and make amendments as appropriate in order to include all expenditures. All final budget amendments for a current fiscal year must be approved prior to June 30.

Response: The City will take steps in the future to make sure budget overruns are properly amended by the Board of Aldermen.

CITY OF DYER, TENNESSEE
SCHEDULE OF FINDINGS AND RECOMMENDATIONS – PRIOR YEAR
June 30, 2015

Finding Number	Finding Title	Status
2012-001	Segregation of Duties (original finding # 2012-001)	Repeated
2014-001	Cash Shortages and Theft (original finding # 2014-001)	Corrected
2014-002	Unreconciled Accounts and Material Journal Entries (original finding # 2014-002)	Corrected
2014-003	Budget Amendments (original finding # 2014-003)	Repeated